

deal with in new

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GENERAL

near to

Maputo

South Africa, following last week's ceasefire agreement with Angola, is

near to signing a non-aggression pact in Maputo with Mozambique. The Pretoria Foreign Minister

Pik Botha sealed a day of talks with

lozambique's President Samora

Machel with a joint communique which said that agreement had been reached on the central princi-

ples concerning security arrange-ments, and that the two countries

intended entering into a formal

Mondale far ahead

Latest polls showed former Vice-President Walter Mondale far

ahead of his seven rivals for the

U.S. presidency as Democrats in lo-

wa voted in party caucuses. Former

astronaut Senator John Glenn faced a bard fight for second place.

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Page 12 ...

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FINANCIALTIMES **EUROPE'S BUSINESS NEWSPAPER**

Tuesday February 21 1984

When the mental luggage must be declared, Page 4

NEWS SUMMARY I Italian troops leave Beirut and U.S. marines prepare to follow BY PATRICK COCKBURN IN BEIRUT BUSINESS THE 1,400-strong Italian contingent combat troops could be pulled out at Aziz in Damascus. Tomorrow, to the multinational peacekeeping any time. Prince Abdullah flies on to London. Pretoria Holmes force in Beirut left yesterday and Some construction equipment

the 1.300 U.S. marines stationed grey landing craft yesterday morn-ing by marines wbo appeared unconcerced by the presence of large numbers of militiamen belonging to Amal, the Shia political movement. Armoured personnel carriers for-

The Italians, who had been look-ing after the Palestinian refugee amps in west Beirut, had suffered very few casualties. They leave be-hind about 100 men to guard the Italian embassy and other facilities. AUSTRALIAN financier Robert Holmes a Court bas offered about A\$240m (\$228m) for 18m sbares The U.S. marines, who were pre-(about 4.2 per cent) in Broken Hill

Proprietary, the country's biggest company, through Bell Resources, the mining and resources investment arm of his Bell Group. Page 12

LONDON: FT Industrial Ordinary

à Court

BHP bid

No. 29,252

TOKYO: Nikkei Dow index rose 16,02 to 9,937,83 and the Stock Ex-

change index edged up 0.31 to 768.69. Report, Page 23, Leading prices, other exchanges Page 34

LONDON International Financial share index. Page 12

French coal strike

France's two-day national coal strike was well supported, although only about half the miners in the key Lorraine area stopped work. Lorry drivers' blockades ended in most regions of France, but Alpine goods traffic is likely still to be delayed hy an Italian customs officers' overtime ban. Page 2

Arms control talks

Richard Burt, Assistant U.S. Secretary of State for European Affairs is GOLD rose-\$2.2 in London to close to make bis first visit to Eastern at \$385,45. In Frankfurt it was up Europe later this week to discuss \$3.5 at \$385.75, and in Zurich it imlogue. The move is seen as helping to persuade the Soviet Unioo to return to the Geneva talks on Euro-

index fell 3.7 to 812.5. Government securities showed no change over-all. Report, Page 27, FT share information service, Pages 28, 29 WALL STREET: Exchanges closed, South Africa's black-ruled neighbours, had accused it of conducting national holiday. Bond market a campaign of destabilisation. prospects, Page 23

Futures Exchange revealed its plans for an equity index futures contract linked to the new FTSE

DOLLAR was slightly firmer in quiet trading, it rose to DM 2.6865 (from Friday's DM 2.6815), FFr 8.2825 (FFr 8.255), SWFr 2.206 (SwFr 2.194), and Y233.4 (Y233.1). Its Rank of Englad tradewickless Its Bank of England trade-weighted index rose from 128.7 to 128.8. Page 33

STERLING fell 45 points to 51,446, to DM 3.8875 (DM 3.8925), and to Y337.75 (Y338.5), but rose to FFr 11.9725 (FFr 11.97) and SwFr 3.1925 (SwFr 3.185). Its trade weighting was down from 82.5 to 82.3. Page 33

arms control and East-West dia- proved by 53.25 to 5385.5. Page 32 CHILE is likely to obtain better terms from International banks for the \$780m loan it is seeking to cover was being loaded aboard a small

there are expected to follow in the next few days. The expected departure of the bulk of the multinational force is a serious blow to President Amin Gemayel, whose resignation is still being demanded by the opposition forces which now control at least 60 per cent of the country.

paring yesterday for departure, say they have removed almost all their

merly in the possession of the Leba-nese army and decorated with pictures of Ayatollah Khomeini, the Iranian leader, occasionally roared past the beach Druze and Sbia opposition forces now appear very confident, and

seem to be waiting for the U.S. to

where he is due to meet Mrs Margaret Thatcher, the UK Prime Minister, for talks expected to cover the

Lebanese crisis. Saudi Arabia has played a key role in trying to revive talks be-tween the Lebanese factions, as President Gemayel's position bas looked increasingly precarious and the security situation in and around Beirut has deteriorated. But Prince Saud Al-Faisal, the

Saudi Foreign Minister, left Damas-cus on Saturday after the Syrians rejected the latest peace plan put forward by President Gemayel.

In another diplomatic move, reports from Damascus said that Mr Walid Jumblatt, the Druze leader,

ter lengthy talks with Syrian officials. There was no word on what message, if any, they were carry-

The Syrians want President Gemayel to abrogate unconditionally the May 17 agreement with Is-rael on the withdrawal of foreign forces. forces, but it is not clear whether Damascus fully backs its allies in the opposition forces on their demand for President Gemayel's resignation.

The powerful Christian militia forces supporting Mr Gemayel are still hoping that they will be able to obtain assistance from Israel. The Israelis yesterday pushed ar-moured patrols north of their front

tine on the Awali river north of Sidon, but there was still no indication of any wider involvement.

Peugeot in

The Druze continued to shell the

government garrison at Souq al Gharb on the ridge overlooking Beirut but there was no sign of any serious ground attack. Druze leaders say they are waiting for the U.S. to leave and to assess Israeli reaction to any further advance by their The planned departure to ships

waiting offshore of the 1,300 U.S. marines now statiooed near Beirut international airport throws doubts on the continued U.S. training of the Lebanese army. Two brigades have defected to the opposition and, last week, another battalion mutinied during the Druze attack south of Beirut.

D 8523 B

Meanwhile, the Saudi Arabian consul of Lebanon, Mr Hussein Ab- release, though the identity of the dullah al Farrash, kidnapped in west Beirut a month ago, has been freed. Syrian intelligence officers

Mr Amin Gemayel are reported to have assisted in his captors is not known. A dangerous view of Gemayel's

palace, Page 3

EEC ministers seek early Strasbourg vote to clear UK rebate

THE EECS Council of Ministers vesterday backed Britain's efforts' to overcome obstacles created by the European Parliament which are blocking the early payment to Lon-doo of a £457m (\$658m) hudget rebate.

Acting on the initiative of Sir Geoffrey Howe, Britain's Foreign Secretary, the Council agreed, in ef-

Britain is poised to block a move within the EEC to restrain im-ports of corn glnten feed which come largely from the U.S. Page 12. The French Government meanwhile is urging completion of negotiations on Spanish mem-bership of the EEC. Page 2

tions at its cext meeting oo March 12-13. If it does not do so, payment to, the UK by the end of March would probably be out of reacb.

A Britisb spokesman warned yesterday that unless the parliament co-operates the atmosphere could be soured at next month's crucial summit in Brussels on March 19-20. The request to the parliament to almost certainly decide to withhold deliver an opinioo hy Marcb 12-13 part of its monthly payments to the EEC budget. Many parliamentary President of the Council, M Claude

Kevin Brown writes from London: The Conservative Government yesterday rejected Labour demands in the House of Commons that Britain should withhold payments into the EEC budget until the agreed rebate on last year's payments was

Mr Ian Stewart, Economic Secretary to the Treasury, said that a block on Community paymeets now would be "premature and counter-productive." He insisted, however, that the Government would take "wbatever steps are necessary" if the refund was not paid by the end of March - the agreed date.

Mr Stewart described the European Parliament's attempts to restrict Britain's use of the 1983 rehate as a "wrecking amendment."

Alan Freidman writes from Milan: President François Mitterrand

IBM wins key talks with cashless shopping London on role in Britain **Talbot** aid By Paul Betts in Paris **BY ALAN CANE IN LONDON**

PEUGEOT, the financially troubled French private motor group, has re-sumed negotiations with the British Government for UK aid to help finance an investment programme for its Talbot plant at Rytoo near Coventry.

M Jean-Paul Parayre, the group's chairman, confirmed yesterday that talks with the UK Government are

General Motors wants to cut its unionised labour force by \$0,000, or about 20 per cent, over the next three years and replace an-nual wage increases with a profit-sharing scheme, according to a leaked management memo. Page 12. Britain's trade in com-mercial vehicles went into the red for the first time last year. Page 12

taking place over the future of Rytoo and that Peugeot "wants to stay in Britain."

niques it developed to ensure the

and British Telecom have suc-ceeded in their joint bid to provide the maio elements of Britain's controversial proposed cashless shopping system. The computer giant has been under cootract to BT for some weeks POS) - for which other vendors will and work has already started on es- be able to develop and sell equip-

yet been made. The Committee of London Clearing Banks (CLCB), which is devel-oping the oew electronic system to streamline its functioo as an interbank cheque clearing group, has insisted on the appointment of an independent consultant to "police" the project and ensure IBM and BT

The CLCB is expected to choose

IBM, the U.S. computer company,

sential networking and computer ment. In particular, it will ensure equipment at IBM's principal UK that IBM does oot use its proprie-laboratories at Hursley In Hamp-shire. No formal announcement has tems Network Architecture (SNA).

will also be the responsibility of the

consuliant.

'security of the system. The consultant's job will be to ensure that IBM and BT develop a cashless shopping network - techni-

cally known as electronic funds transfer at the point of sale (EFT/ which would give it a substantial

technical advantage over other manufacturers. The specifications for the counter terminal, the device which will sit on retailers' counters for the recording and verification of transactions,

between the two London-based con-

obey rules drawn up to ensure a fair deal for all likely participants sultants Computer Analysis and Programmers (CAP), which carried out much of the work on which the in the system. This is thought to be a result of pressure on the clearing banks and bank's cashless shopping system is BT from government and industry. based, and Logica, which impleincluding ICL, the UK's largest mented the clearing houses paycomputer manufacturer. There bas been anxiety that such a major conments system (Chaps). Retailers, bowever, are now left tract, giving a large measure of conin confusion over the best way to trol over the country's shopping move to EFT/POS, where a plastic babits, should go to a foreign multi-national. ICL, in particular, has card replaces money and cheques and transactious are conducted been bitterly disappointed to lose through counter top computer termthe contract. inals IBM and BT became the favoured

fect, to request a special sessioo of the parliameot before March 12. This bas become necessary under the Community's complicated legal procedures if the UK is to have much of a chance of receiving the rebate on its 1983 budget contribu-

tions before its currect financial year expires at the end of March. If the rebate does oot arrive in time, the British Government will

BY JOHN WYLES IN BRUSSELS

pull out before beginning any new political or military moves. Meanwhile, there is no sign of any break in the diplomatic stalethey have removed almost all their mate, despite the arrival of Saudi and Mr Nabih Berri, who heads heavy equipment and that their Crown Prince Abdullah Bin Abdul Amal, went to Beirut yesterday af-

bean inte ils 1984 balance of payment needs. missiles. Page 4

EEC withdrawal

The terms of Greenland's withdrawal from the European Community from January 1 next year, were largely settled in negotiations between Denmark and its EEC partners last night. Details are subject to the final agreement of the West German Government and then the ratification of all EEC parliaments.

Shoot order to police

Following new clashes between Sikhs and Hindus in Haryana state in north India and a visit by Home Minister P. C. Sethi, police have been ordered to shoot troublemakers nn sight.

Moscow appointment

New Zealand has resumed diplomatic relations with the Soviet Union after a four-year break, and has appointed Miss Alison Stokes as ambassador in Moscow.

Fine president

Vanuatu, formerly the New He-brides, is to elect a new president to succeed President Georges Ati Sokomanu, who resigned, to set an example, after being fined for late payment of road tax.

Admiral detained

Argentine Admiral Ruben Chamorro, who headed the Buenos Aires navy school of mechanics, said to have been a torture centre under the military regime, was arrested for questioning on his return from South Africa.

Polish hunger strike

Nine Poles are on bunger strike in their church in Warsaw suburb nf Ursus in protest at the church authorities' decision to transfer their priest, Father Mieczyslaw Nowak, a Solidarity supporter, to a rural parish.

CANBERRA: Australian ministers and top industrialists talk today on negotiating steel and coal industry links with China. Page 3 to settle. TAIWAN'S Economics Minister said the country may lift measures

protecting local industry and wider opportunities for importers within three to five years. Page 4 CZECHOSLOVAKIA'S nuclear

power programme bas been seri-ously delayed by technical problems, said Energy Ministry plan-ning chief Jiri Vagner. Page 2 JAPAN produced a record 18.2m videotape machines last year, about 15.2m of which were exported.

IRAN and Syria signed a trade and economic agreement. WEST GERMAN company insol-vencies were 11,845 in 1983, 0.6 per

cent down on 1982.

HOSPITAL Corporation of Ameri-ca, the leading U.S. hospital management group reported a 41 per cent rise in 1983 net income to \$243.2m and announced a 25 per

cent increase in dividend. KOMATSU of Japan, world's No 2 construction equipment maker, re-ported 1983 net profits 5.6 per cent down at Y30.6bn (\$131.1m), first annual fall for seven years. Page 14

NEDERLANDSE CREDIETBANK, fifth largest Dutch commercial bank, and about to be taken over by Chase Manhattan of the U.S., expects 1983 net profits to be near 1982's Fl 7.3m (\$2.4m), but that 1984 earnings will be down.

ABITIBI-PRICE, the Montrealbased newsprint producer - the largest in the world - announced fourth quarter earnings of C\$15.2m (U.S.S12.2m) or 64 cents a share, against CS11.6m or 44 cents a share. excluding write-offs. Sales were CS426m against CS415m. For all 1983, earnings were CS38m, against CS63.9m before write-offs.

leaders are quite bappy to engineer this in the betief that it will weaken Britain's negotiating position on the crucial financial and budgetary is-sues which that Tanama entities of the source of sues which the Ten are still trying trial of strength between the European Parliament and the Council. ing dinner with Mr Bettino Craxi, As a result the parliament looks The undertakings given yesterday the Italian Prime Minister, M Mit-

tikely to turn down the Council's re- suggest that France may not act on quest that it take the necessary eartler threats to block adoption of the rebate regulations until summit steps to deliver an opinion before March 12 on the technical regula- agreement is reached on agriculturtions for paying the rehate. Without al and budgetary reform. For the an opinion, the Council itself cannot time being, this ground is being oc-

adopt and implement the regula- cupied by the parliament.

Speaking in Milan after a work-

terrand said he planned to use his presideocy of the Community to "re-launch Europe" and to tackle fundamental differences on agricultural policy.

But be was unable to point to any concrete prospects for co-operation.

last December when a labour dispute over job redundancies at Tal-bot's large car plant of Poissy, near Paris, degenerated into a political and social battle of unusual intensi ty, threatening the survival of the Talbot car marque itself.

But the situation at Poissy has now returned to normal after a compromise on the redundancies was reached last month, ending

some of the fiercest labour clasbes manufacturer to supply the comput-Continued on Page 12 | ers for the network because of tech-

The CLCB scheme has yet to be **Continued on Page 12**

Nixdorf seeks bourse listing to finance further expansion

BY JOHN DAVIES IN FRANKFURT

NIXDORF COMPUTER, the West expansion plans and the favourable Nixdorf stake as an investment but German data processing company, mood of the West German stock is financing further expansion by market. Deutsche Bank, West Germany's

seeking a stock exchange listing and placing 20 per cent of its capital on the market. Herr Heinz Nixdorf, who has built up the company over the past 30 years, said yesterday be aimed to double the annual sales revenue to more than DM 5bn (\$1.87bn) in

the next four years. The company, which now em-ploys 17,500 workers worldwide, would create nearly 10,000 more jobs in this period, he said. The stock market tisting, planned for May or June, is a milestone in the career of one of West Gershares.

A man known for tough personal leadership, he conceded that by ofmany's most remarkable post-war fering non-voting preference shares entrepreneurs. After studying physics and eco-nomics, Herr Nixdorf began busihe was refusing to give up any control over the company.

ness entirely on his own, without But Nixdorf was still a relatively staff or capital, bis first production small concern in world terms, he financed by a customer. He has steadily built up a concern with a dynamic reputation in a field domi-opportunities arising from the innated by European, U.S. and Japatermix of computer technology and nese electronics giants. communications.

A public share offer has long been awaited, in view of Nixdorf's Bank never intended to keep its Dr Christians said thal Deutsche

wanted to help the company evolve to the stage of a stock market launch. largest bank, which has held a He said the bank originally had a stake in Nixdorf since 1979, will in- 25 per cent stake but reduced it to 10 per cent by returning sbares to the Nixdorf family.

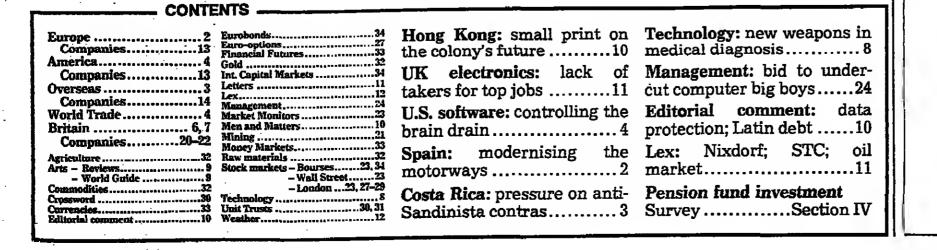
> in two stages to a nominal DM In the first increase of DM 120m the Nixdorf family and Deutsche Bank will make a financial contribution at par, the bank's bolding rising to a nominal DM 32m. The

second increase, totalling a nominal DM 40m, together with the bank's holding, will be offered to the public. In addition to this 20 per cent

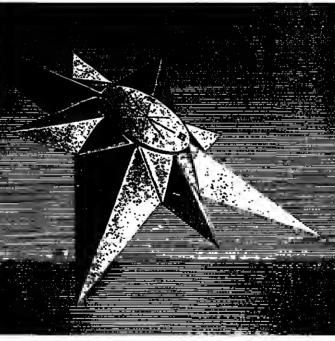
stake on public offer, a further 7 per cent stake is held by Nixdorf em-After the share market operation,

Nixdorf's share capital will be divided equally into ordinary shares. held entirely by the Nixdorf family, and noo-voting preference sbares.

Lex, Page 12



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clude its holding in the public offer. Dr Wilhelm Christians, one of the bank's joint chief executives, and Herr Nixdorf both declined to esti-mate the offer price of the issue, in DM 50 shares, is to be increased which will be non-voting preference

But Herr Nixdorf agreed that be would be "satisfied" if the public offer raised DM 500m, which would involve a befty premium for the

EUROPEAN NEWS

'TEN' HAMMER OUT APPROACH TO ENLARGEMENT EEC puts farm terms to Spain

BY JOHN WYLES IN BRUSSELS

2

ster, of a Community declara-its way entirely, concessions had tion on agriculture, Designed to to be made by other Govern-set out the broad lines of the ments in order to encourage Ten's approach on this most France's recently-found enthu-sensitive aspect of EEC enlarge-siasm for completing the negoment, the declaration was only agreed with immense difficulty by Community Foreign Mini-

NEGOTIATIONS on Spanish effectively maintains existing Ministers when they meet next Common Agricultural Policy membership of the EEC reach Community barriers against on March 12-13. within five to seven years. But membership of the EEC reach Community barriers against an historic stage today with the Spanish fruit and vegetables for presentation to Sr Fernando Moran, Spain's Foreign Mini-Although Paris did not have big reservations yesterday and big reservations yesterday and big reservations yesterday and big reservations yesterday and bis reservations yesterday and also his recognition that if he acted on them, the Ten would not be able to make the agricul-tural declaration. But he

thought it unbalanced and based on protecting the Community market while improving access for EEC products to the Spanish tiations with Spain, now in their fifth year. The French Government is

by Community Foreign Mini-sters yesterday. France secured several points in favour of a basically restric-tive approach which delays into the EEC by January 1, Four years ago, the then into the EEC for 10 years and formal target by the Foreign for full integration into the years. Concern about the farm declara-tion, since the UK is keener than most of its partners to see a full dismantling of Spain's high protective tariffs on manu-lates than 10 into the EEC for 10 years and formal target by the Foreign for full integration into the

it is now recognised that a longer period will have to be

accepted Having taken a stand on a 10-year transition on agriculture, the Ten are unilikely to be able to argue for a shorter period on trade with Spain in industrial products.

This is one reason for British concern about the farm declara-tion, since the UK is keener

Howe adds his voice to the warning chorus

BY OUR BRUSSELS STAFF

its political and financial crisis speech to Belgium's Royal Insti-tis not solved soon. tute for International Affairs. Unlike some other recent Sir Geoffrey was seeking to pessimists, Sir Geoffrey avoided underline Britain's commitment to the community at a time on the outcome of next month's of growing internal crisis. If this summit in Brussels. But he was is not resolved, the Foreign in no doubt that if the Ten Secretary is well aware that could not solve their agricul-tural and budgotary problems, hold the UK responsible and to then the EEC would run out of money, the agricultural policy munity. money, the agricultural policy could break down and trade

"divisive protective measures" were swept away. "Then, other new policies, which are hard to justify economically in the present atate of Community integration, would become viable." Not surprisingly, Sir Geoffrey was insistent on the need for change in the EEC's budgetary munity. He presented the current

Czechoslovak N-power

programme set back

system. By requiring Britain to could break down and trade the presented the current system. By reduning brind to restrictions could spread. Impasse as reflecting the EEC's be a large net contributor to simply start to rot away," of any kind is deemed aomehow said Sir Ceoffrey. Not only heretical and dangerous," he would economic and sociat said. Budget burdens must relate aspirations be damaged, but Change was needed not just to relative prosperity. Britain

SIR GEOFFREY HOWE, also "our political and security in the common agricultural was not trying to get back what policy, but also in the EEC's it puts in—the so-called puste internal market whose barriers retour—he emphasised. "We were crippling the the so-called internal market whose barriers retour—he emphasised. "We were crippling the the so-called internal market whose barriers retour—he emphasised. "We were crippling the the so-called internal market whose barriers retour—he emphasised. "We were crippling the the so-called internal market whose barriers retour—he emphasised. "We were crippling the the so-called internal market whose barriers retour—he emphasised. "We were crippling the the so-called internal market whose barriers retour—he emphasised. "We solution to the Community its political and financial crisis is not solved soon. munity average in prosperity to " divisive protective measures "

be net beneficiaries." Only a budget solution, together with better control of farm and other EEC spending would provide the basis for Brilish agreement to raise the ceiling on the community's budget revenues. The UK would not have any truck with "siren voices" urging short term palliatives. "The Community has been

lured towards the rocks too often, aod it will not serve our common interest to succumb again," he said.

Tax evasion



President Evren: third trlp 10 Arab world

Evren bid to boost Saudi ties

By David Barchard in Ankara PRESIDENT Kenan Evren of Turkey flies to Saudl Arabta today at the start of a five-day visit, his third to the Arab day visit, his third to the Arab world in less than two months. The trip is part of a con-certed effort by Turkey, with the discreet backing of the United States, to develop closer political and economic ties with moderate Arab

states. The President visited Jordan in December and attended the Islamic summit Casablanca in early

January, Political discussions are Political discussions are likely to concentrate on the Gnlf war and the fighting in Lebanon, though Turkcy bas been careful not to become even indirectly involved in either conflict and maintains good relations with both Iran and Libya. Its strong economic ties with the radical Middle Eastern states mean that it is

unlikely to be willing to make any explicit gestures in favonr of the moderate coun-

Gen Evren, who is accom-panied by the foreign and defence ministers, may also sign a military training co-operation agreement while in Sandi Arabia under which

Sandi Arabia under which Turkish instructors will be sent to the Sandl army, and Sandl cadets will be trained at Turket's military academy. Ho'tever, Turkey is hoping that the visit will boost its irade and contracting opera-tions in Saudi Arabia. Last year, Turkey exported about \$350m-worth of goods th Sandl Arabia, including food-stuffs and building materials. stuffs and bnilding materials, and imported abont \$240m-

worib of Sandi crude oil. Turkey's contracting operations in Saudi Arabia cur-

French coal strike begins as roads blockade is lifted

BY DAVID MARSH IN PARIS

THE TWO-DAY national French could effectively be held to THE TWO-DAY national French could effectively be held to coal strike which started yester-day was given mixed support. individuals acting in co-ordina-Unions -eported that the strike tion to block main traffic call was widely supported in arteries. most parts of the industry. Symptomatic of the Govern-although only about 50 per cent ment'a importence were the vain of miners in the key Lorraine efforts of police and soldiery, aided by heavy lifting course

most paris of the industry, although only about 50 per cent of miners in the key Lorraine coalfields atopped work. The stoppage, called in protest at planned large cuts in the stopper cent device the vain efforts of police and soldiery, aided by heavy lifting equip-ment to shift lorries halted on Alpine roads.

at planned large cuts in the Alpine roads. workforce in the mines and a freezing of subsidies for coal venience to travellers, some mining, is one of the severest Frenchmen could not help testa so far thia year for the government's programme of slimming down inefficient atate-backed industries. Meanwhile, the other main challenge to the Government was easing yesterday. Lorry block-ades around the country, mounted as part of weekend protest action by the country's which will be the subject of road haulage confederationa, were taken down in most planned negotiations with the Government. Some barricadea remained in sometimes for days, because of plants allouer of the fareo-italian border. They can hold up baullers, sometimes for days, because of

some parricadea remained in sometimes for days, because of place in Alpine regions where petty frontier clearance formall-action started at the end of last ties or go-slows within atplace in Alpine regions where petty frontier clearance formall-action started at the end of last ties or go-slows within the week, and limited blockades customs profession itself. persisted on three motorways. \bigcirc Recognition of the ability by But traffic retureed to normal minority groups to mount in most parts of the country following the widespread para-idea that such power could be misused for blatantly political balf France's 95 departements purposes. (administrative districta) The fear was summed np by

(administrative districta) A large number of blockades M Serge July, the publisher of the Paris daily newspaper. Liberation, who wrote: "It must be feared that this example of were removed within a few hours of Sunday night's appeal by M Maurice Voiron, leader of the dominant National Federaeffectiveness could enter into the dominant National Federa-tion of Road Hauliers, which groups 80 per cent of indepen-dent companies. This followed the offer of talks by M Charles Fiterman, the Communist rhetoric generated by the Transport Minister, to discuss blockade, there was general the industry's claims for relief that the dispute had not improved tax treatment and developed into violence, apart social conditions.

developed into violence, apart from the odd clasb between drivers and police trying to

social conditions. In Paris, there were four different reactions to the events of the weekend: Ordinary citizens were given a clear demonstration that, despite the highly centralised power of the state and the con-siderable firepower to quell dis-order of the police and para-military forces, tbe country affair.

Italian customs ban may add to delays in Alps

FREIGHT TRAFFIC across the Alps is likely to become further disrupted in the wake of the blockade by French lorry drivers, following yesterday's decision by some Italian customs man to go abead with an over-CGIL union. They are protesttime ban in pursuit of a pay ing against the Government's claim. decision last week to impose an The ban, which is expected to incomes policy by decree. last three days, bad been called by a union which is independent Though passenger trains were returning to normal yesterday, there is a big build-up of rail-way wagons in marshalling yards in Milan as a result of the of the national union federation, which bas condemned the way wagons in marshalling action. Some customs men yards in Milan as a result of the began their action yesterday a day before it was officially due to begin.

UK unions submit complaint to ILO

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By Anthony McDermott In Geneva THE INTERNATIONAL Labour Office (ILO) yesterday received a complaint agoinst the UK government from Britain's Trade Union Congress.

The complaint alleges that by banning unions at the secret communications centre in Cheltonham. tha government has breached ILO Convention 87, permitting the freedom of association and the right to organise a union.

A spokesman for the ILO said this was the first instance of a governbment attempting to exempt personnel from trade unioo membership of a secret communications centre. In the past, there had been complaints against governments 10 volving the police, army and other

"essential" services. The procedure resulting from a formal complaint means that there will be no quick outcome. The text of the complaint has to be ex-amined to see whether it is acceptable, then the complaint is sent to the British government for its com-ments. Meanwhile the TUC may be invited to send further information. The result is that the TUC complaint is almost certain to miss the next meeting of the 1LO governing gody, which opens a four-day ses-sion on Monday, February 27. Evidence will be examined by an

independent committee of experts and recommendations will be made at the second of three annual meet-

at the second of three animat meet ings beld in May. This complaint is one of 130 at present before the ILO in conner-tion with freedom of association. The ILO is sanguine about the di-rect pressure it may be able to bring on the Britisb Government,

Irish MPs return to Assembly

By Our Belfast Correspondent

THREE MEMBERS of the Official Unionist party yesterday split from their colleagues and returned to the Northern Ireland Assembly which the party has boycotted since November.

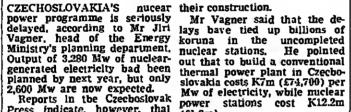
Chernenko lifts curtain on family

By Anthony Robinson

WITH A subtlely not always found in the pages of the Soviet Communist Party newspaper. Pravda, the Soviet people and the world outside have been informed that Mr Konstantin Chernenko, the new leader, is the father of a daughter, Yelera Konstantinovna Chernenko. This first glimpse into Mr

Chernenko's private life came in the form of an article com-memorating Maximilian Savel-

the Institute as a senior researcher for the past 10 years.



BY LESLIE COLITT IN BERLIN

Press indicate, however, that it will be difficult to meet even (fl.3m). Delays in the nuclear prothis lower larget. They note Delays in the nuclear pro-that not one of the Soviet gramme are also affecting coal designed 440 Mw reactor units mines whose output was to have

The form of an article com-memorating Maximilian Savel-yev, a hitherto obscure Com-munist who was deputy director of the Marxism-Leninism Insti-tute in the 1930s, and signed demurely Y. Chernenko. When foreign correspondents checked to trace the author, Soviet officials confirmed that it was writ-ten by Miss Chernenko, who has worked in the central archives of the Institute as a sentor researcher

into Bayer By Rupert Cornwell in Bonn

inquiry

BAYER, the giant West German BAYER, the glant west German chemicals group, is under judi-cial investigation here, on in respect of suspected evasion of taxes on sums said to bave been circuitously and improperly directed to leading political martices parties.

The proceedings against Bayer, confirmed yesterday by the Bonn public prosecutor's office, represent the latest twist in the nine-year-old probe into under-the-counter political pay-ments by industry. Up to 100 companies here are said to be suspected of having made such contributions. contributions.

In the case of Bayer, the prosecutors are examining sugges-tions that the company dodged tax on sums it said had been

The official biography of Mr Chernenko, published immedi-ately after his selection as leader, limited itself to an account of his rise to supreme account of his rise to supreme power from humble Siberlan peasant origins, but gave no personal details, except his Olympics in Sarajevo shows that with a higb proportion of out-Olympics in Sarajevo shows that with a higb proportion of out-

We now know that, at some as successful internationally as stage at least, Mr Chernenko that country's superb sports was probably married. But the identity of his wife or wives still remains a mystery, as does the existence of any other senting colline and theres, repre-children.

Similar secrecy shrouded the private life of Mr Yuri Andropov whose wife, Tatyana Fillipovna, first appeared in public only after her husband's with 25. death.

U.S. Senators brief Moscow on 'build-down'

By Anthony Robinson

TWO U.S. Scnators yesterday said they had received " a very warm reception " from high Soviet officials in Moscow after Soviet ometals in Moscow after briefing them on President Ronald Reagan's proposals for a "build-down" of strategic nuciga- warheads.

The "huild-down" proposals. which form the basis of the BY A CURIOUS coincidence, U.S. negotiating position at the British Goveroment is toy-strategic arms reduction talks (Start) in Geneva, call for a reduction of two existing nuclear warheads on strategic missiles for every new warhead added as for a creded modernisation U.S. negotiating position at the strategic arms reduction talks for every new warhead added as part of agreed modernisation programmes.

The Senators. Mr William Cohen, a Republican from Maine, Line Senators and operating cohen, a Republican from Maine, and Mr Joseph Midden, a Demoas in Spain. Few would claim the experience has been any-thing short of disastrous. Tho country's moderate Socialiat talks in Moscow since the emergence of Mr Konstantin Chernenko as the new leader—apart from Vice-President George stop the construction of toll Bush, who headed the delega roads, reduce the number of tion Mr Yuri Andropov's funeral. private motorway concessions

They had two doys of discus- and take over a good part of have risked stifling the slons at the Soviet Academy of Sciences. followed yeaterday by a meeting between Senator Cohen, Mr Vladimir Kuznetsov, one thing, it has not overcome the inadequacy of the road net-work in most of the country. the 83-year-old Soviet Vice-President, and Mr Georgi Kornienko. First Deputy Foreign Minister and a U.S. relations espert.

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E. German sports machine outstrips the field BY LESLIE COLITT IN BERLIN

> standing athletes choosing physical education. Once graduated, they are assured of a flat and a chance machine. East German athletes, repre-

> to buy a new car Talent is first discovered during kindergarten sport, with the parenta of promising childleft the West German team well behind in eighth place. In totat medals, East Germany with 24 was only just "pipped at the post" by the Soviet Union ren being asked if they wish them to attend one of t9 special sports schools. There, the study schedule is built around sport, with no conflict between the two, as is often the case in the

Every East German medal winner was sent a personal message of congratulations by West Most East Germans are proud Herr Erich Honecker, the East German leader. But that was of their athletes' successes, but pality. tbey often complain about the The not the only motivation that high financial cost. Some object made the East German athletes to the strain it places on com-

Nowhere else in Europe bas

Government bos decided to rule

The concession system has

Prestige bigbways run across

the network itself.

made over to civic associations in Cologne, close to Bayer's headquarters at Leverkusen. The company was able to set

the payments against tax, on the grounds that they were made "for the common good." In fact, however, so it is

alleged, the funds then found their way to numbered accounts in Liechtenstein, and thence into the coffera of the ruling Christian Democrat and Free Democrat parties.

It was noth immediately clear how much money is alleged to be involved. A spokesman for the prosecutor's office said the inquiry was only at a preliminary atage. Bayer refused comment on the matter.

The company is also being probed in connection with property dealings between itself and the Leverkusen munici-

The whole issue of clandestine payments from companies to made the East German athletes to the strain it places on com-perform so well. Peting children. A mother in Excelling in sport in East Leipzig said sbe bad refused the Germany is the key to travelling offer to send her child to a to the West which is denied to other citizens below retirement him to grow up "as normally age. tt is also the best way to as possible." poltical parties will be making headlinea when the Bonn prosecutors decide whether to go abead with a court case against those indicted in the so-called "Filck affair." poltical parties will be making

rently stand at a total value of \$3.5bn, with about 90 contractors and 100.000 Turkish Turkisb nearly workers employed there.

Swiss call to lower road speed limits

By John Wicks in Zurich

A REDUCTION of the Swiss speed limit to 100 kph on motorways and 30 kph on other roads outside holitup areas would ent pollution from motor-vehicles by some 7 per cent, according to a study presented to the Government. Such a reduction, from current speed limits of 130 and 100 kph, would be equal to 33 Sundays a year with no road traffic at all, it is claimed. Switzerland briefly

banned road traffic nne Sunday a month during the 1973-74 oil crisis, at which time it also imposed a speed limit of 100 kph.

Slower speeds, according to the report, would cut emis-sion of ultrous oxide by 9 per

Lorries are already queuing rallway workers. up on roads leading to the Yesterday, however, it was re-Italian-French border, as a con-sequence of the French block- for the strike was enabling ade. There are about 1,000 lor- trains to get through with less ries waiting at Aosta and a disruption.

Sweden may widen vote BY KEVIN DONE, NORDIC EDITOR, IN STOCKHOLM

IMMIGRANTS FROM other this should be a first step on the Nordic countries living in way to granting the right to vote Sweden could be given the right to vote in parliamentary elec-tions according to proposala under consideration hy the Swedish Government. Committee—the Social Demo

Swedish Covernment. An all-party committee has recommended that suffrage should be extended to Nordic immigrants who bave been registered in Sweden for at least three years. Ine Socialist majority in the committee—the Social Demo-crats and the Communists—also suggest that Swedes living abroad who have not been registered in the country at any time in the previous 10 years time in the previous 10 years least three years.

Social Democratic members of should lose the right to vote in the committee consider that parliamentary elections.

Mr Raymond Ferguson of Fermanagh, one of the three, said the par-ty had made sufficient progress on both the political and security fronts to enable it to end the boycott.

He said there bad been progress during talks with the other two assembly parties - the Reverend Ian Paisley's Democratic Unionist Party and the non-sectarian Alliance Party - and the possibility of a report committee which would present the Government with proposals for devolving powers back to Stor-

mont (the former parliament). The unionist boycott was called in protest against government security policy and because of unionist frustration at the tack of movement towards devolution.

Mr Ferguson, who was supported in his return by Mr John Carson of North Belfast and Mr James Kirkpatrick of south Belfast, said there had been improvements in security although no one could claim that it was perfect.

The Reverend Martin Smyth MP, a leading supporter of the boycott, said the three were mistaken if they believed that grass roots opininn supported a return to Stormont. They might face disciplinary action.

Private Spanish motorway system reaches the end of the road

David White in Madrid explains why a national road plan was badly needed

of Spain's foreign debt. A size-able sbare of the burden has been passed on to the state, thus shattering the pretence that the country could have its roads witbout draining the hudget. The need for a national motorway grid emerged with economic growth at the start of the 1960s. The only motorways hand her is the the need for a national motorway grid emerged with economic growth at the start of the the state on ahort, partiy toil-free stretches of motorway near to

launched up to then had been short urban stretches built by stretches of motorway near to population centres. the state. The Franco Govern-

ment, limited by low fiscal Less profitable revenue and reluctant to over-

tax lhe motorist, which would The original motorways went on being built, however. The country's new car industry, saw network open to the public no choice but to turn to private doubled between 1976 and 1981. failed Spain in two ways. For or foreign capital, it opted for one thing it has not overcome toll roads operated by private A recent study reckoned that Spain needed another 900 miles concessions, in contrast to France or Italy where the by the end of the century. But the new stretches, such as majority of concessions are Madrid-Saragossa, promised to be more expensive to build and the north and halfway down shared between the state and the Mediterranean coast, but private interests.

Modrid is one of the last Plans were laid for over 4,000 capitala in Europe still to be miles of road, less than a third inaccessible by long-distance of which bas actually been built. of which bas actually occur of that, none found a biques. In The first concessions were that, none found a biques. In granted in 1967, mostly on the the meantime, some of the 11 bigst traffic routes. In existing concessions were cruis-tion of high speed towards

the Government, it is literally only guaranteed the companies' the end of the road.

only guaranteed the companies foreign bororwing up to a certain limit, but also undertook to provide currency for the re-payment and servicing of all their foreign loans at the same combined the set when they exchange rate as when they were contracted. Much of the motorway in Galicia at the debt was taken on when the peseta rate was half the current 150-plus to the dollar. The cost north-west tip of the country, and the two are being merged.

Help sought

ernment wanting to nationalise, enough to service the debt. As recession digs deeper and Spaniards shun toll roads, daily traffic density has tended to stagnate or drop. Contrary to original expectations, the only growth in overall motorway traffic over the last 10 years has but the companies that came to

The concession companies, once to bave been a Madrid-backed mainly by banks and Asturias highway. Including a at par once the concessions builders, were set up on a small spectacular suspension bridge in caiptal baae, under generous government conditions. The making it the most expensive will continue to be run as toll motorways are practically tax exempt. The Government not the Government, it is literally company. Three others will join The company responsible for it, Aucalsa, is being nationalised along with another, Autoplstas del Atlantico, which has the concession on an unfinished

roada under a new state holding company. Three others will join Acesa, which makes profits but which has been under Bank of Spain control since 1982 following the collapse of its main banking sharebolder, its sub-sldiary in Aragon, and a local authority-controlled company in Navarre.

At the some time, it is pro-posed to raise a joint \$350m foreign credit, carrying a state "It bas not been the Gov. guarantee, to refinance all the motorways' debt.

The Government plans to the Government asking for spend \$4.6bn between this year the Government asking for speak of the main roads, riageways with tighter curves belp," explains Sr Julian and 1992 on the main roads, riageways with tighter curves Campo the nublic works repairing gaps left by the show- and simpler intersections, often minister. They were losing piece autopistas and upgrading some Plas 5bn (£22,5m) a year other roads that are collapsing aplece. Between them, accord- under the weight of traffic.

never built because private state pays for both systems.



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build them will be replaced by a poor man's version known as built on existing roads.

The result will be an nneven arrangemont, with parts of the country where people have to pay to use the fast road and For another thing, it has granted in 1967, mostly on the the meantime, some of the 11 new motorways. For another thing, it has granted in 1967, mostly on the the meantime, some of the 11 new motorways. brought financial chaos. Though beaviest traffic routes. incomplete, the motorway In the four years before the ing of high speed towards way was opened last August ways' foreign debt, currently needed motorways which were they don't. But syslem accounts for 15 per cent 1974 oil crisis contracts were bankruptcy.

to the Government is now well over \$500m (£355m).

Plans were laid for over 4,000 private sector had long lost niles of road, less than a third interest. The last concession had

receipts

Even with this help, toll receipts have not been enough to service the debt. As

come from the inauguration of

ing to Sr Campo, they account It is Spain's first national

OVERSEAS NEWS

l K unie submit complaint to ILO

 $\sim \infty$

Line which divides Moslem west mountain ridge, eight miles from Christian east Beirut and from the heart of Berrut, will and Defence Ministry. President Amin Gemayel is in no position to sustain another defeat, ted in the mountains to the particularly one which will give south and east of the capital. the opposition Druze forces an In strictly military terms the even better view of his palace. Lebanese army should probably

THE LEBANESE army has now

deployed most of its 13.000

BY PATRICK COCKBURN IN BEIRUT

The Druze are adamant they pull out of Souq al Gharb but will storm Souq al Gharh, the last stronghold of Lebanese army control on the ridge line 3,000 ft above Beirut, and have already started heavy shelling and prohing attacks.

No pullout

guarantees

says Shamir

Prime Minister Yitzhak

Shamir said yesterday Israel would only leave Southern

Lebanon if there was another force there capable of pre-

venting guerrillas from strik-ing at its northern border,

After talks with Mr Claude Cheysson, the French Minister

for External Relations and current president of the European Community, Mr Shamir said "Israel will leave

South Lebanon only when we

have someone there who can assure our security."

Israeli officials said the deepening crisis in Lebanon

and Israel'a trade relations

with tha Community were the

main topics at Mr Shamir's

hour-long meeting with Mr Cheysson at a Belgian Govern-

ment guest house outside

They quoted the Prime Minister as saying that what happened in Beirut, where beleagnered president Amin Gemayel is under increasing pressure from Moslem

pressure from Moslem opponents, was beyond

Diplomats noted that Shamir no longer cited Syrian withdrawal from Lebanon as

a condition for an Israeli puli-

out. The Prime Minister told.

Cheysson that a security force to police southern Lebanon

would have to be a real fight-

MANNESMANN

Israel's immediate concern.

Brussels.

ing force Reuter

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without

If they capture the town they not politically and militarily miles down the road, say they and snipers' bullets, hot the will avenge their only failure morihund. pian to capture the place. greatest danger is that the combat troops who have stayed in the mountain war last Sep-loyal along the so-called Green tember. Possession of the whole Dug in among the plne trees 1,000 government soldiers are waiting behind their minefields for an attack by the Druze militiamen who stormed Lehanese army positions at the state which they have consolidaother end of the same ridge last week.

Each night the people of Beirut can see the sky above the fittle town illuminated by President Gemayel has suffered fiares and pinpricks of fire as sbells explode. Ground attacks too many defeats to abandon the scene of his one victory. have not yet begun but the The garrison is almost the only Druze leaders in the neighboursign that his administration is ing town of Aley, only two

Gulf council sees risk

of foreign intervention

A dangerous view of Gemayel's palace

The significance of Soug al surrounding the resort town. Gnarb is symbolic rather than strategic. Last September the army'a eighth brigade clung to Its positions here for three weeks despite ground assault and heavy abelling. This was almost the only victory won by President Gemayel's regime. In a brief moment of triumph

the President, a flack jacket over his neat white shirt, was seen on television visiting his men in the trenches.

Every day soldiers in Souq al Gharb suffer casualties from shells, rocket-propelled grenades tion.

greatesl danger is that the Eighth Brigade, many of its men Moslems, will split along sectarian lines like the army units at the other end of the ridge.

The Druze say they must take the town but emphasise that "we are not in a hurry," and they will wait until the American and other foreign forces heve sailed awey. The Druze leaders imply that their attack will come in weeks rather than days, hut they add that they will assault. If Sour all chart they will assault. If Sour all Ghart then falls it will be the deathblow to President Gemayel's administra-

Eyewitnesses said that a major part of Terminal Num-ber One, which includes the international arrival and de-parture lounges, was hurnt down, in the fire, the cause of which is still not known. Terminal Two several which is still not known. Terminal Two several hundred yards eway, was un-damaged. It will he nsed to operate flights when the airport partially reopens. Inspite of intensive security arrange-ments, the airport remains a scene of arson.

NZ and USSR end

diplomatic relations with the Soviet Union after a break of four years and has appointed Miss Alison Stokes as its amba-

reports from Wellington. New Zealand broke off diplomatic relations in 1980 after it expelled the then Soviet ambas-sador, Mr Vsevolod Sofinsky at 48 hours notice for allegedly passing funds to the Socialist Unity Party—an offsboot of the Communist Party.

Hong Kong optimism Hong Kong'a manufacturing sector had a favourable fourth quarter in 1983 and expects a

Karachi airport closed by fire

By Mohammed Aftab in Islam

A MAJOR part of Karachl Internalionsl Airport, a key link in the Europe-Far East route of foreign airlines, was burnt down yeaterday. The airport was closed, all incoming planes were diverted and de-partiume encodled immediately partures cancelled immediately after the three-hour fire hroke out. It was hoped to reopen partially the airport late last night.

diplomatic freeze

New Zealand has resumed

quarter in 1983 and expects a generally good first quarter this year, while the construction industry is more pessimistic after a poor fourth quarter, according to a government survey, AP-DJ reports from Hong Kong.

Amman condemns

Prime Minister Ahmed Obeidat of Jordan yesterday condemned the hurning of Jordan's embassy in Tripoli as a premeditated, criminal act and said Jordan had lodged a strong protest with the Libyan Government, Reuter reports from Amman.

Nigerians open London talks on trade arrears

BY MICHAEL HOLMAN

DR ONALAPO SOLEYE, the stry of Finance, and Alhaji DR ONALAPO SOLEYE, the stry of Finance. and Alfaji Nigerian Finance Minister, held talks in London yesterday with lor of the Exchequer, on the rescheduling of British trade arrears and other hilateral economic issues. A spokesman for the Chancel-lor said after the 20-minute The detergation leaves today lor said after the 20-minute meeting that the two men bad

The detcgation leaves today for meetings with government discussed the economic pro-gramme of the Nigerian Governofficials in Paris and Bonn. Nigerla bas offered both ex-

3

port credit agencies and indivi-dual suppliers repayment of arrears over six years, with a 24-year grace period and at an ment. Nigeria's sbort-term debt, both guaranteed and private, both guaranteed and private, had heen raised, the spokes-man said, but gave no detalls. Official debts, he added, "will eventually be discussed multi-laterally with the other govern-ments involved." Interest rate of 1 per cent over the London Interbank Offer Rate A major area of disagreement

however is Nigeria's refusal to In the afternoon, the Nigerian pay any post-maturity interest on the arrears. which bave accumulated over the past two delegation, which includes on the Alhaji Ahubakar Alhaji, Per- accum manent Secretary in the Mini- ; ars.

U.S. companies defend investment in S. Africa BY BERNARD SIMON IN JOHANNESBURG

AMERICAN companies have is strongly opposed to recent strongly defended their invetste efforts, embodied in the draft ments in South Africa on the legislation now before Congress,

The hooklet details U.S. companies' contribution to of Commerce in South Africa (Amcham) says that "we know training, housing, health care and hlack business develop-ment. It says thal 76 companies have "adopted" 150 schools in black towarding and huse in black townships and have in-vested \$6m in the Amchamsponsored Pace commercial college in Soweto,

companies have spent about \$70m implementing the principles of falr employment principles of fair employment practice drawn up seven years ago by Rev Leon Sullivan, the Philadelphia churchman and civil rights activist. Of the 350 U.S. companies operating in South Africa, 147 have signed the Sullivan principles. They employ 71 per cent of the roughly 120,000 hlacks who work for U.S. sub-sidiaries and affiliates Amcham has been negligible.

sidiaries and affiliates, Amcham theid system."

Defence Minister of Knwait, commented: "The threat to border. commented: "The threat to block tha Strait of Hormuz amounts to an open invitation

al-Maktoum of the UAE, added thet the meeting had been called "amid a multiplicity of changes and critical circuminflict heavy casualties on the "remnants" of the Iranian inposed by the upsurge of fighting in the war between Iran and vasion force. The fear among the other stances that have been menac-ing the Gulf region in particular Ministers from Saudi Saddam Hussein may be pro-voked into carrying out his threat to attack Iranian oil ex-Arahia, Kuwait, Oman, Bahrain, the United Asab Emirates and Qatar, who are grouped together Heavy fighting in the Gulf war was again reported from in the Gulf Co-operation Coun-cil, said hefore the talks that port facilities and this will lead to Iran attempting to close the Strait of Hormuz, through which the bulk of their crude oil exboth Tehran and Baghdad yes-

one of their main preoccupa-tions was the growing risk of terday, despite bopes on Sunday that agrement had been superpower intervention in the reached for the two countries to halt their attacks on cities Sheik Salem al-Sabah, the either side of the international

to the hig powers to intervene in our internal security affairs. We reject this and we ahall

mitted to maintaining freedom of navigation through the Strait. Iran said yesterday that its any such development could rapidly draw in the American forces had killed a further 1,500 Iraqi troops in the central naval carrier force which is Mehran sector, south-east of within easy steaming distance of Baghdad, whera the main Hormuz.

BY RICHARD JOHNS

contract areas awarded to it by

BY OUR MIDDLE EAST STAFF DEFENCE Ministers from six

Arah oil-producing countries in

the Gulf met for urgent consul-tations yesterday on the threats

iraq.

The

The company said yesterday that the aballow well drilled in tract 27/31 of the South China Sea by the Chinese-owned rig Nanhai-2 had been abandoned

BP fails to strike Chinese oil

China last May.



BRITISH Petroleum failed in the neighbouring 26/14 tract. sortium including also Petro-again to find oil or gas in any BP's first well in block 14/29, bras, Broken Hill Proprietary, significant quantities with the also in the South China Sea, PetroCanada, and Ranger Oil. Analysts said yesterday thal it discovered some traces of oil but was abandoned in January. was still too early to make any Altogether it has five tracts in-cluding one in the Yellow Sea. judgments about the prospects in the South China Sea. BP is

ports flow.

resist the eventuality of foreign inlervention at all ievels." Iranian offensive was launched on Wednesday. Iraq countered by saying that it continued to

that the aballow well drilled in tract 27/31 of the South Chinas be operating three rigs in times the size of a North Sea Sea by the Chinese-owned rig Nanhai-2 had been abandoned the year. With a 45 per cent for each well drilled is currently hut that it had commenced one share, it is operator for a con- about one in 20.

By Michael Thompson-Noel in Sydney PLANS by Mr Bob Hewke, the Australian Prime Minister, to secure major links between the Chinese and Australian steel and coal industries will be dis-cussed in Canberra today. The meeting will be attended by Senator John Button, Labor's

Australian

industry

to discuss

China link

minister for industry and com-merce, Mr Lionel Bowen, the minister for trade, plus repre-sentatives of Broken Hill Pro-With the U.S. publically comprietary (Australia's monopoly steel maker), CRA (the Anstra-lian arm of Rio Tinto Zinc), CSR (another multi-resource major), and the Australian Coal Association.

During his recent Asian lour, Mr Hawke raised the possibility of a major boost in trade with China, involving a near doub-ling of Australia's steelmaking capacity. Mr Hawke will have detailed talks with union chiefs

later this week. AP-DJ reports: The Austra-lian Transport Workers' Union

Australia despite a court injunc-tion yesterday harring them from doing so. The TWU said the bans went

eve of a U.S. Senate dehate on to make adherence to the Sulli-proposals to curb U.S. commer-cial links with Pretoria. In the booklef published to signatories' performance, coincide with the debate, the 300-member American Chamber-

of no part of the world where American companies are doing more to promote equality and opportunity in the workplace than in South Africa." Copies of the booklet have been posted to all U.S. congressmen and state governors. According to Amcham, U.S.

A group of companies is presently investigating the establishment of a business centre to train Black managers and administrative personnel in the wake of criticism that black advancement into super-risory and managerial posts

Without giving details, the booklet asserts that U.S. com-panies have "played a role in lessening some of the more oppressive effects of the apar-theid under the source of the source

(TWU) has placed servicing, refuelling and loading bans on Continental Airlines' flights to

Microelectronics in environmental protection **Uras 3 sounds the alarm**

Microelectronics has given a new thrust to energy and manufacturing technology. Intelligent plants and systems measure, control, regulate, and compute – all for the sake of greater safety, lower raw-material consumption, and better environmental protection.

Here as elsewhere Mannesmann have played a key part in developments, from ultra-sensitive monitoring equipment to complete process control systems: for instance with the Uras 3 infrared gas analyzer, which keeps constant watch

over aggressive fumes, and raises an alarm if set limits are exceeded. Failures are locally adjusted or reported to central control, where human operators can intervene directly in the process to forestall damage.

If our air becomes cleaner, the environment less polluted, certainly the knowledge and ability of Mannesmann engineers and technicians will have played their part.

mannesmann technology (W

AMERICAN NEWS

Tim Coone, recently in Costa Rica, reports on anti-Sardinist rebels **Costa Rican change counts against Contras**

THE RASTAFARIAN piloting our boat modded in the direction of a clearing in the jungle on the Nicaraguan side of the San Juan River. "Over there is a helicopter landing pad," be evid

The pilot was a member of the Arde guerrilla group led by Sr Eden Pastora, the former Sandinist commander who has switched sides and is now trying to unseat the Left-wing Sandinista Government in Managua, It was an Arde landing pad we saw, io territory Sr Pastora claims he controls. The guerrilla leader says be has under his control around 6,500 sq km of territory in southern Nicaragua along the river, which forms the border with Costa Rica. But the area is mostly jungle and Arde does not control the river mouth into the Caribbean sea, and Arde's supply lines still have to run

through Costa Rica as a result. The other far-Right counter-revolutionary group, known as the Contras, who operate against the Nicaraguan Govern-ment from Honduras, can rely on unquestinning officials and the support of the Honduran and U.S. military to help their incursions into Nicaragua. But is Costa Bica the Arde

But io Costa Rica the Arde group is now feeling the effects of a shift in Costa Rican foreign policy.

Sr Angel Solano, the Costa Rican Minister for State Security has said: "We are undergoing an improvement in

BRAZIL'S powerful defence

industry has reacted with hos-tility to a Memorandum of

Understanding on military-industrial co-operation signed earlier this month between the

U.S. and Brazillan governmeols.

for the transfer of sophisticated

U.S. military technology to the Brazillan arms industry. But It

also imposes controls, for the first time, on an export husiness

expected to earn Brazll over

General Danilo Venturini, a

top military aide of President Joao Figueiredo, confirmed

publicly last week that the U.S. accord—a highlight of the recent visit by Mr George Shultz, lhe U.S. Secretary of State—could indeed limit the

country's arms exports,

\$2hn this year.

The memorandum provides

BY ANDREW WHITLEY, IN RIO DE JANEIRO



our relations with Nicaragua. We have a policy of neutrality and we are enforcing that in relation to the anti-Sandinistaa here in Costa Rica."

Arde leaders complain of increasing harrassment, arms seizures and arrests. Sr Pastora has been refused entry to the country, and a senior official in the country's rural guard was

recently threatened with dismissal for failing to arrest him when he was trying to get several bundred unarmed guerrillas admitted to Costa Rica as refugees. Costa Rica

refused them entry. There are still Arde houses,

munications centres oo the Costa Ric2o side of the San Juao and Arde maintains a political infrastructure in the capital because, Sr Solano said, "we have only around 1,000 rural guards to patrol 320 miles of frontier."

of frontier." At San Carlos, a priocipal guerrills crossiog point into Nicaragua, two rural guards are slatloned, armed with two rifles and s non-functioning radio. When asked bow he would go about prayeoting would go about preveoting cladestine activities, one of the guards could only shrug his shoulders.

Ministers are trying to put flesh on the bones of President Luis Alberto Monge's oeutrality by the resignation of Sr Fernando Volio, the bard-line anti-Communist Foreign Minis-

ter, lale last year. For instance, to the chagrin of U.S. embassy officials in Costa Rica, 1,000 U.S. engineers were politely refused permis-sion in January to build roads in the North of the country close to the frontier.

"It would be considered a provocation against Nicaragua by the Contadora group of countries, and would be badiy interpreted by the international community." said Sr Solano. The Contadora group—Colom-bia, Mexico, Panama and Venezuela—is attempting to negotiate a peace plan for the the

Brazil defence industry raises doubts over U.S. pact

Pastora . . . former Sandinista

Again to the irritation of U.S. Again to the irritation of U.S. officials, President Monge gave his support to s January meet-ing in Quito of several Latin American debtor countries try-

American debtor countries try-ing to establish a joint position on negotiations over the debt problems of the region. The appointment early this month of Sr Juan Villasusa, a Keynsian-style economist, to the pact of Minleter of Planning post of Minister of Planning also signifies a distancing of the Monge Government from

the monetarist economic policies favoured hy the U.S. there.'

Administration and the Interoational Monetary Fund, Reasons for the policy shift are not difficult to find. The severe economic constraints on the country, mainly caused by its foreign debt-S630m of debt was recently rescheduled have not yet caused serious violence on the streets. But austerity measures imposed by the IMF caused widespread civil protest last year. Sr Solano said: "We are keeping a close watch on both the extreme Right and extreme

Left." Costa Rica does oot yet bave a strong security aparatus, although the U.S. aod Israel bave started running training programmes for the security forces. An upsurge in political violence would create havoc in an easy-going country.

An open conflict with An open conflict with Nicaragua would also create serious rifts inside Costa Rica. Opposition politicians and prominen, figures within the ruling Liberation Party point oot ibat it could destabilise both the economy and the demo-cratic political institutions that have been in place since 1948 have been in place since 1948. The Government needs the

asistance of the U.S. whom it considers an ally but would prefer it to come in civilian not military form. As one Western diplomat in San Jose said "Costa Rica has looked into the abyss and seen Honduras lying

Chile likely to secure better 1984 loan terms

By Peter Montagnon, Euromarkets Correspond

CHILE is expected to receive : substantial improvement in terms from its international bank creditors for the \$780m loan it is seeking to cover its balance of payments needs for 1984.

Terms of the deal were nego tiated in principle last week during talks between Sr Carlos Caceres. Finance Minister, and the committee of leading bank creditors chaired by Manufac-lurers Hanover io New York. But final ratification depends on a written statement from the International Monetary Fund confirming that Chile is in good standing with its economic programme.

Mr Jacques de Larosiere is expected to sign this statement within the next few days after which the proposed terms will be circulated to all creditor banks.

banks. Bankers believe, however, that Chile might obtain a margin over enrocurrency rates of about 1[‡] per cent with a slightly lower rate for funds committsd at a margin over U.S. prime. Last year Chile was charged margins of 2[‡] and 2[‡] points respectively on its new loan of \$1.3bn.

loan of \$1.3bn. The new margins would put Chile between Mexico and Peru in terms of rates charged for in terms of rates charged for 1984 borrowings. The IMF has never blocked its lending to Chile, though it did to Peru, hut unlike Mexico, Chile has had to negotiate waivers from the IMF for failing to meet its economic performance critsria

and last year its economic pro-gramme was dogged by the weakness of the copper price. Nonetheless, Chile did manage to cut its current account halance of payments

deficit to \$540m last year from \$1.16hn ln 1982. Reserves at the end of the year stood at just over the IMF's target of \$2bn, despite a drop of \$550m. The amount of the new loan is at the lower end of the expected range, partly because Chile now hopes to receive a loan from the IMF's Compeo-satory Financing Facility to offset its lower earnings from

of economic reflation.

Tough test for Glenn in Iowa Democrat caucus selections

BY REGINALD DALE U.S. EDITOR IN WASHINGTON

SENATOR John Gleon faced a while more eye-catching that tough contest for second place the first, were based on a much in the lowa caucuses yesterday smaller sample with a wide as Democrats acros the state margin of error of 12 percentage points. Pollsters in Des Moines said that the figures should be interpreted as showprepared to vote for a candidate to challenge President Reagan in November's elections. The latest polls showed the ing little more than that the Democratic front runner, former three men were running neck Vice-President Walter Mondale, and neck. For Mr Mondale, the aim was way ahead of his seven rivals in the election year's first major test of popular presidential preferences. The Oowa Demo-crats were due to gather in 2,435 precinct caucuses to atart not th lose mnmentum in advance of next week's vote in advance of next week's vote in the first primary. In New Hamp-ahire, by performing less well than expected in Iowa. For the past few days, his powerful nrganisation has concentrated on fighting against apathy and making sure his supporters attend the coucuses. the official process of selecting state delegates to July's Demo-cratic national convention late

last night. A poll taken by the Des Moines Register, the state's leading newspaper, gave Mr Mondale 53 per cent among potential caucus participants. Senator John Glezn of Ohlo came a distant second with 12 per cent, followed by Senator last night. setback-even though he has not put as much effort into Iowa Alan Cranston of California with 9 per cent and Senator Gary Hart of Colorado with George McGovern of South Dakota, who has conducted a per cent. But Mr Glenn's second-

running position looked much more shaky in a separate survey

more shaky in a separate survey at least fourth. sure to vote last night, which showed Mr Mondale with 44 per cent support. The poll gave Mr Cranston second place with 17 per cent, Mr Hart third place with 14 per cent and Mr Glenn only 11 per cent. The results of the second poll, for bis party's nomination.

Fro Mr Glenn, failure to win second place would be s severe

as most of his competitors. Mr Cranston and Mr Hart wanted

to show strongly in second or third place to maintain credi-bility as candidates, while Mr

serious and well-received cam

paign in Iowa, was boping for

at least fourth.

Eastern Airline pilots accept wage cuts plan

BY WILLIAM HALL IN NEW YORK

· · . .

THE PROSPECTS for Eastern employees accepted cost-cutting

. .

The company aims to save over \$350m on operating costs through wage cuts of \$290m and another \$75m with productivity gains.

Eastern employees will get a 25 per cent stake in the com-pany, plus several seats on the board. Filots were expected to make a bigger percentage sac-rifice on pay than other union groups and bave proved the most difficult to convince,

ledge on what they should or

WORLD TRADE NEWS

Pressure for fresh

confirmed

The General, who is Secretary largest General of Brazil's National Security Council, was responding to perceptible rumbles of discontent from what looks like industry. an alliance of nationalist-minded officers and the civillan-

run weapons manufacturing industry, together lobbying to nullify the negative aspects of the U.S. accord. The Brazilian arms industry owes its growth, and its spec-

tacular success abroad, to for-mer President Ernesto Geisel's 1977 rupture of Brazil's bl-lateral military pact with the

Most outspoken in his opposition to any external veto on Brazil's arms customers has whitaker, president of Engesa, nology, and in the field of which claims to be the world's nuclear energy.

largest manufacturer of wheeled armoured veblcles. Significantly, Sr Whitaker also heads Imbel, the Government's co-ordinating hody for the arms U.S. diplomats suggest that the new, jointly manufactured

equipment be used largely for the modernisation of the Brazilian armed forces, a defence also adopted by General Venturioi. But this proposal is ridiculed by the Industry, which points out that its vlahillty

depends entirely on exports. Apart from the milltaryindustrial memorandum, two other less controversial agree-

ments were signed during the Sbultz visit. These covered co-

The nuclear pact releases Brazil from its previous obliga-tion to purchase nuclear fuel only from the U.S. for its first nuclear reactor, Angra-1. The power, previously dominated hy West European industry, U.S. companies signed contracts expected to lead to orders worth over \$300m. power station, built by Westing-house, bas still not come into Mr Shultz was, however, less successful in persuading Brazil relax its strict limits on to foreign investment in retail

commercial operation after a long series of technical set-backs, banking and computers. IBM In effect, the agreement ratifies an interim settlement bas long been pressing bard to eoter the fast-growing micro reached last year in the long-standing dispute between Brazil and mini computer sector in Brazil. and the U.S. over the former's

nuclear energy programme. In future, Brazil will be able to purchase enriched nuclear fuel from the West European consortium, Urenco.

U.S. industry took a number of significant steps forward in ment whose longstanding com-Brazil as a result of the Secre-tary of State's trip. Most notably, tionism bave reached a new in the field of hydroelectric peak.

The U.S. argument that Brazil could help reduce its present reliance on foreign loans to cover its large halance of pay-ments deficit by promoting greater foreign investment did

offset its lower earnings from copper exports. As part of this year'a econo-mic programme, Chile is to hold its hudget deficit below S per cent of GDP, having failed to persuade the IMF to allow a bigger deficit in the interest

in the company, formerly the higgest U.S. domestic carrier; The pilots' acceptance of a management plan for employees to accept wage cuts of around a fifth was the last major burdle

in Eastern's battle for financial survival. Eastern's bankers agreed to

support the company as long as

Airlines' financial recovery have measures aimed at restoring improved following its pilots' profitability, decision to accept significant The company aims to save wage cuts in return for shares over \$350m on operating costs

trade talks round 'may be premature'

BY CHRISTIAN TYLER, TRADE EDITOR

JAPANESE and American political pressure for a new right to urge the NICs to accept round of world trade negotia- more of the obligations of tions could he premature, Mr helonging to the Gatt's free-Arthur Dunkel, director-general trade framework hut would not of the General Agreement nn Tariffs and Trade (Gatt), warned last night.

He said he welcomed the ldea of combatting protectionism by multilateral negotiation, hut cautioned that the ground " should be prepared with the greatest possible care."

be counter-productive lf lt meant that immediate problems were sbelved " in the hope that they can be swept up in the general settlement."

Mr Dunkel said countries should set about realising the commitments they had made in the OECD and at the seven-nation summit in Williamsburg last year to balt and then reverse protectionist measures.

"Preparations for a new multilateral round could run in parallel with this process and be greatly facilitated by it," be told a meeting of the European-Atlantic group in London.

Mr Dunkel's speech is the clearest indication yet that the way easier to settle difficult Gatt secretariat is nervous of issues as a package, and the prospect of a years-long multilateral negotiation, rather negotiation until its existing than power politics, was the work programme has been com-pleted and the member nations have properly identified wbat it is they want to negotiate,

as Brazil that they had some pared with the greatest possible thing to gain from a new round. care."

recent efforts by Taiwan to cut \$3bn

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added.

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Taiwan open market pledge TAPEI-TAIWAN may lift all its trade surplus with the U.S., measures protecting local indus-try and widen market oppor-funities for importers in three to five available to the three to the the trade source of the trade

to five years, Mr Chao Yao-tung, lifted controls on imports of Economics Minister, said yester- more than 00 foreign products

day. since last year, set up a com-Mr Cbao told a businesc meet- mittee to study methods to ing that Taiwan is under growth reduce the trade gap, and

pressure from its major trading promised tohelp U.S. husiness

partners to open its markets. men market their products in Gradually calling off protec- Taiwan. tionist measures would serve to Taiwan fears that the growing upgrade the quality of national imbalance might hurt its prefer-

The industrialised world was trade framework hut would not be convincing so long as they continued to erect bilateral, trade-managing systems for overcoming their own economic adjustment problems.

Developed countries had heen giving out the "wrong signals" in recent years by imposing import restrictions on Third World products such as textiles, A premature initiative would steel, footwear and wrist e counter-productive if it watches. That did not heant that immediate problems encourage the newly-industrialised countries to continue opening their markets in the

face of a suspicion that the Gatt system was "tilted against But Mr Dunkel said he could But Mr Dunkel said he could discern "the hsginning of a move in a number of capitals" to find lasting solutions to the problems which had created pro-tectionist devices such as national subsidies, special incen-tive for blgb technology industries and the contagious "so-called voluntary export restraints." He welcomed the idea of a

He welcomed the idea of a new trade initiative because It

of negotiation requires that we He stressed the importance of survive the stresses of the next persuading the indebted newly- few months without series con-industrialising countries such flict and that the ground be pre-

since last year, set up a com-

the second s

for Krupp subsidiary

contract

By Rupert Cornwell in Bonn

Saudi £120m

KRUPP POLSYIUS, the plant manufacturing subsidary of the West German diversified industrial group, has won a DM 480m (£120m) turnkey contract to supply a new cement production unit in Sandi Arabia. The order, claimed to be

the largest plant order won so far this year hy a West German concern, has gone to a consortium comprising Krupp Polsyius and another West Garman company, Bilfinger, Berger Bau AG. The order has been placed by the Yamama Saudi Cement to expand its existing facilities close to Riyadh, which already com-prise five cement production nnits. When this sixth one goes on stream in summer 1986, total capacity will go np by 3,190 tonnes to 8,700

tonnes a day. The contract means Krupp now has DM 1bn-worth of nrders in hand in Sandi

Arahla. Finn Barre adds from Riyadh: The Saudi-German telecommunications firm of Detecon Al-Saudia (Detesad) bas recently won a three-year Riyals 200m (£40m) opera-tions and maintenance contract from the Ministry of Posts, Telegraphs and Telephones.

Detesad is a joint venture between Detecon (Dentsches-telepost Consulting) and Beta Company nf Saudi Arabia. Detecon was established by the West German Bandespost. Detesad bid against seven

other companies for the contract in nperate and maintain SwFr 11.5bn (£3.6bn). the kingdom's telex and telegranh networks. It is currently finishing a previous

Rivals 250m contract to perform operations and maintenance on the telex network, Detesad officials say government satisfaction with their previous performance led to

victory in bidding. The contract covers maintenance, operation and some npgrading of the present telex network, which contains over 15,000 telex connections, In addition to the previous contract is maintenance of the

products and create competition ential trade status with the kingdom's telegraph system. international markets, he U.S., under which it exports each During the contract period, the number of expatriate workers is expected to drop dded. year more than 30 per cent of Mr Chao's remarks follow its products worth more than Reuter from 505 to 245.

When mental luggage must be declared

Christian Tyler examines a conflict between national security and Western freedoms

A SCIENTIST from Bell Lab-oratories was taking his cham-plon chess computer to a rock music. The Chinese owned computer company, convention in Moscow. He was authorities retallated by arrest- which came to light last week stopped hy a U.S. customs officer who demanded to know if the ing and expelling an American

"Well, I guess it does," the scientist replied after a pause. "If you dropped it from an acroplane and it fell on someone's head, it would sure as hell kill them."

Two days before an international symposium held by the Society of Photo-optical Instrumentation Engineers in August, 1982, the Pentagon had 150 research papers withdrawn even though the subject matter was not classified. Several months after the conference, the papers were "cleared." Six Chinese students at the

University of Michigan were Furthermore, American technology exports not only to detained by the FBI and export controls continue to the Eastern bloc but world-Customs on their way bome apply even after hardware or wide, through New York. Their note- knowledge has crossed the Suc through New York. Their note books, texthooks, personal cor-respondence and tapes were in another country. The extent of U.S. control The extent of U.S. control

ing and expetiting an American According to this study, in teacher in Peking. ICL employs a U.S. engineer to administrative zeal illustrate ware, his work is controlled hy President Reagan's determina-tion to prevent the leak on which that work is put. sensitive technology to the Communist world. But they also lilustrate a growing con-flict betweep the demands of national security and the traditional freedoms of of Western democracy. U.S. law empowers the aothorities to license exports not only of equipment, com-

documents hut even—as hecame clear this week—the knowledge that people carry in their bead.

U.S. export licences to cover knowledge carried in the heads of American engineers . . . U.S. control is never lost over personal know-how that is exported." The study also claims that the Pentagon is behind attempts to get the Nato countries and

legislation, modelled on U.S. law, for the control of high technology exports not only to Such controls would cover

ocean and taken up residence services like consultancy, train-in another country. ing, professional visits, and

aken away. The extent of U.S. control perbaps even contract negoti-Eventually, all the material over export and re-exports is ations.

Decisions abont what should .sion from the Government go on the Nato embargo list are before travelling to the Soviet made in secret at the U.S. bloc or meeting visitors from Embassy in Paris by officials those countries. According to this study, if ICL employs a U.S. engineer to from member-states. rom member-states. The Foreign Office argues It is known that control of that the Official Secrets Act is

"disembodied" technology is sufficient for those to whom it being discussed in that forum, appliea, but it also tries to make the Co-ordinating Committee sure it has the chance to brief sure it has the chance to brief people with technical knowfor Multilsteral Export Controls "ICL bas in fact had to obtain (CoCom).

should not disclose when they There is said to be unanimity about the objective; to prevent the Soviet bloc acquiring military valuable techniques, but there is no meeting of get abroad. U.S. licensing requirements have already created con-troversy and alarm among American academics and scienminds yet on where to draw the tists. Their fear is that the dynamism of U.S. research is heing stifled. line.

For example, West Germany, like the U.S., has domestic legislation that may be appro-priate for controlling invisible technology. Britain, among others, does not, and refuses absolutely to legislate in a way that would limit its citizens' Japan to introduce their own Their alarm is now being echoed in Europe. The British Government, while formally protesting about what is claims freedom of movement.

is persistent violation of its sovereighty, is ancious not to provoke a confrontation with the U.S. in CoCom. Officials British technicians, scientists,

businessmen — and journalists worry that open disagreement for that matter—are not would merely encourage the required to get specific permis- U.S. to get tougher still.

Key Swiss industries report improved trade volume

BY JOHN WICKS IN ZURICH

SWITZERLAND'S two key industries --- chemicals and engineering-have reported an improvement in their foreigntrade volumes. The importanca

of these two export-oriented Industries within the Swiss economy underlines a general sbowed a drop in export value -by 1.8 per cent to just under recovery in the country's manu-SwFr 2.2hn last year. Among facturing sector.

facturing sector. According to the Swiss maceuticals showed a 5.9 per Society of Chemical Industries cent increase to SwFr 4.Sbn, (SGCI), chemical and pharma-cential exports rose by 5.8 per one of 6.8 per cent to cent last year to just over SwFr 1.42hn, and agrochemicals a 15 per cent met for the sector of the secto a 15.5 per cent growth rate to

This is not only considerably SwFr 734m, higher than the below-inflation For the

BY WALTER ELLIS IN AMSTERDAM

growth rate of 2.3 per cent booked for 1982, hnt also well up on the average 2 per cent expansion of Swiss exports as a whole in 1982. whole in 1983.

Only organic chemicals

experience a permanent expan-sion of its activities. The society nevertheless

expresses its confidence in view of the high level of research and speciality production.

and speciality production. The crisis-ridden machine-building and metals industry the trade association VSM says phane factory near Peking. This reports an improvement in new-the fourth quarter marked would be the second contract of order volume for the fourth something of a turn in the lo- its kind from China for Maurer,

For the current year, the unchanged or declining figures

SGCI says there will have to for the preceding nine months. gradually baving a positive he a lasting improvement in such prohlems as international indebtedness, foreign-exchange fluctuations and protectionism for the chemical industry to 4.1 per cent and domestic busi-However, it adds that this ness-the result of a large should not give rise to any illu-single order-by 21.1 per cent, alons. "It remains to be seen single order—by 21.1 per cent. At the end of 1983, orders on hand thus rose to the equi-valent of S.9 months' produc-tion, compared with the all-time low of 5.7 months booked at the

low of 5.7 months booked at the has received an order from the

quarter of last year, following dustry's fortunes, with the np- The project cost is put at unchanged or declining figures turn in the world economy SwFr 37m.

Van Doorne in pact with Volvo Tripoli rail system order

BY LESLIE COLITT IN BERLIN

A HUNGARIAN design consultancy. Uvatery, has won a

\$28m (£20m) contract to design the urban railway system for Tripoli, Libya.

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The railway is to run 20 kilometers above the surface. Uvatery is to submit a hineprint for approval in 15 months and planning is expected to take nearly 51 years,

Hungary's largest engineer-ing company, Ganz-Mavag, said it has \$90m-worth of hard currency orders on his books this year and next. It will export hydro-power machinery complete pupping stations for to India and Nigeris and Egypt as well as trains for Tunisia, · · ·

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The CVT (continuously vari- and said that Ford would like to able transmission) system has produce its own version, for use heen under development by Van initially in the Ford Flests, Doorne for much of the last using parts sent over from Van Sint Truiden, Belgium, just over decade and will be exported Doorne's factory in Tilburg. the border from Holland.

as may several Japanese car-makers. Actual assembly will take place in Volvo's plant in

VAN DOORNE Transmissie, a
Dutch gearhox designer, has
signed a contract with Volvo
Car for the production by Volvo
of its revolutionary CVT auto-
matic transmission system.initially to Ford and Fiat for
use in several of their smaller
cars.Instead, Volvo Car, an inde-
pendent associate of Volvo of
Sweden, will assemble the
transmissions and ship them to
the Ford Motor Company, last
yesr praised the CVT gearhoxThe CHER (continuously mark)and said that Ford would like to
and said that Ford would like to
and said that Ford would like toInstead, Volvo Car, an inde-
pendent associate of Volvo of
Sweden, will assemble the
transmissions and ship them to
the U.S. and Italy. Volvo itself
may well begin use of the CVT,
as may several Japanese car-

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automation. But they didn't get left behind with an obsolete system. The Wang Office Information System will quite happily grow into office automation too. It's how all the high processing the system of the system of the system of the system. The Wang Office Information System will quite happily grow into office automation too.

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UK NEWS

Parliament given veto right over Telecom

cences which set the tone for the

BY IVOR OWEI

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right to veto "key licences" issued to British Telecom, Mercury and other principal operators of public ser- cal-Millicom. vices under the Telecommunications Bill, the Government announced in the House of Lords last

night. The Lords gave a general wel-come to what Lord Bruce, a Labour The Lords gave a general wel-the Bill would open the way for The Lords gave a general wel-the Bill would open the way for The Lords gave a general wel-the Bill would open the way for The Lords gave a general wel-the Bill would open the way for The Lords gave a general wel-the Bill would open the way for The Lords gave a general wel-the Bill would open the way for The Lords gave a general wel-the Bill would open the way for The Lords gave a general wel-the Bill would open the way for The Lords gave a general wel-the Bill would open the way for The Lords gave a general welpeer, described as a very constructive response "to the strong operations permitted by the Bill. protests that in its present form the Bill provides no opportunity for the Commons or the Lords to discuss or vote upon the draft licence already issued to British Telecom." Lord Cockfield said the Governcommunications syste

Lord Cockliein said and External ment recognised that parliament should have the opportunity to scrutinise the licences issued to British Telecom, Mercury, the Hull

PARLIAMENT is to be given the Telephone system and the two cel- the re-sale of circuits leased from lular radio companies, operated by Britisb Telecom would be permitted, and he appealed to Conserva-British Telecom/Securicor and Rative peers, who want to amend the Lord Cockfield added that the

Bill so as to provide greater liberali-Government believed it would have sation of telecommunications serbeen wrong to single out British Tevices to take it into account. lecom, and said an amendment to

Lord MacIntosb (Labour) under lined the financial implications which could flow from such a state-Parliament to scrutinise all the liment by contending that it could even call into question the profitability, independence and viability of There would be no question of British Telecom and affect the purparliament being able to consider chase price when the shares in the the thousands of licences issued by public limited company it is to be-British Telecom for private telecome are offered for sale.

Lord Mackay explained that the statement would not involve the ta-bling of new amendments by the Without specifying any timescale, Lord Mackay announced that the Government intended to make a statement on the extent to which

Decision day for Reuters

share capital.

terests

BY CHARLES BATCHELOR

THE TRUSTEES of Reuters, the international newsagency and husiness information group, meet today to give their verdict on the agency's plans for a public flotation.

Trustees have had details of Reuters proposals in their hands for the past two months. Reuters has not disclosed details of the plan, but it is expected to include the retention of a majority of the voting rights in the hands of existing sharebolders and possibly the creation of a "golden share" to be held by the trustees. This aspect has been criticized hy the National Association of Pension

Funds and the British Assurance issued a strongly-worded statement

Association. They, and many City of last November denying that the trustees would "rubber stamp" the London institutional investors, are opposed to different classes of proposals.

A flotation, which is expected to Reuters appears confident that its flotation plan will be approved, take place in both London and New York in May, could be expected to fearing, at worst, that minor points value the newsagency at at least of detail may bave to be revised. Elbn on the hasis of the market val-Trustees will be meeting without their chairman, Mr Angus McLachuations of other companies in this len, the Australian newspaper rep-

Reuters trustees are appointed to oversee the Reuters Trust Agreeresentative. The chair is expected to be taken by Mr Geoffrey Upton, ment of 1953, which is intended to representing New Zealand press inensure that the agency's integrity, independence and freedom from Mr McLachlan, who is indisposed

bias are preserved

making company. Automotive is backing AML's plans to produce a new car, which requires £5m investment. The car will be aimed at the £30,000 sector at present occupied by the top models such as those of Porsche and Mercedes.

at Aston

ASTON MARTIN Lagonda

(AML), the 70-year-old luxury

car maker, has become wholly

owned by its North American

Under an agreement an-

nounced yesterday, CH Industri-als, the British public industrial group, has sold its 45 per cent shareholding in the car company

to Automotive Investments of the U.S. for £833,000. Antomotive

sold to CH its 50 per cent stake in Aston Martin Tickiord - an engi-

neering and coachwork company

set up several years ago - for £133,500.

July, Automotive Investments bought 55 per cent of AML and 50 per cent of Tickford from Vic-

Under a deal announced last

Martin

By John Griffiths

distributor.

As a minority shareholder, CH Industrial said it would have been difficult to fund the invest-· Lotus, the sports car maker,

has made Mr Mark Thatcher, son of the UK Prime Minister. director-elect of its North Ameri-can sales subsidiary.

U.S. group Kinnock gives a hand to Benn takes over BY OUR POLITICAL STAFF

MR NEIL KINNOCK, the Labour leader, yesterday visited Chester-field in Derbyshire in support of Mr

Tony Benn, the left-wing former Energy Minister who is seeking to return to parliament in a by-elec-tion on March 1. He described him as a "distinguished public figure and a first-class candidate."

Mr Kinnock's campaign visit was despite concern among the Labour leadership at the selection of Mr Benn as canoidate. Mr Benn is widely hlamed for causing many of the divisions within the party which helped to cost it the last general election The Labour leader did not deny

vesterday that there were differences. Mr Benn was oot present at press conference given by Mr Kinnock, and the latter conceded that it might he unprecedented at a by-election for a candidate not to appear with his party leader. "But I'm a new leader and he's a husy



Mr Tony Benn

Mr Kinnock did not name Mr Benn when, later in the day, he predicted that any efforts to resurrect

the party's internal squabbles would be "very short-lived." The whole Labour movement was

now united and anyone who tried to

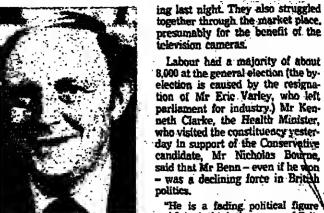
Property tax law could raise public spending

BY ROBIN PAULEY

targets, would be a maximum £196m

The unexpected extra costs to the Treasury from the Bill arise from a series of complicated interactions between the Government's target budgets for councils and its system

of distributing grants. Even after a freeze on the 17 council s spending - implying a 5 of price stability. The price balance per cent cut in real terms and rate was swinging in favour of electricireductions by most of these county and "we are virtually certain that this is a long-term trend," he said. cils - their spending levels would still be about £590m over target.



Mr Neil Kinnock

BY MAURICE SAMUELSON

tempts to divert the party to turn it Mr Benn, aged 58, first entered inwards, deserves and shall get the parliament in 1950. He represented loathing of the whole movement." a Bristol constituency until he was Mr Kinnock and Mr Benn did defeated at the last general elecshare a platform at a public meet- tion.

| Electricity 'set for five years of price stability' THE ELECTRICITY industry is His remarks come after the in-seeking to keep tariffs stable for at dustry's grudging acceptance of a 2 least a further three years. It made per cent rise in domestic tariffs

per cent rise in domestic tariffs from April 1-1 per cent less than clear yesterday that it would not that favoured by the Treasury to meet the industry's external financwelcome any further Government pressure for annual price rises. Mr Alan Plumpton, the Electrici-ty Council's deputy chairman, said the supply industry was in the published midst of at least a five-year period the accou

Last weekend the Government ublished sections of a report by the accountants Coopers and Ly-brand showing that consumers were being charged more than necessary because of confusion over the calculation of bulk tariffs.

UK output |Long-term rose 2.1% rates 'on decline' last year

By Philip Stephens

BRITAIN'S output expanded by 2.1 per cent last year after a 1.3 per per cent last year after a 1.3 per cent rise in 1982, according to provi-two or three decades, Mr Gordon sional figures issued yesterday by the Central Statistical Office (CSO). The rise is regarded as consistent

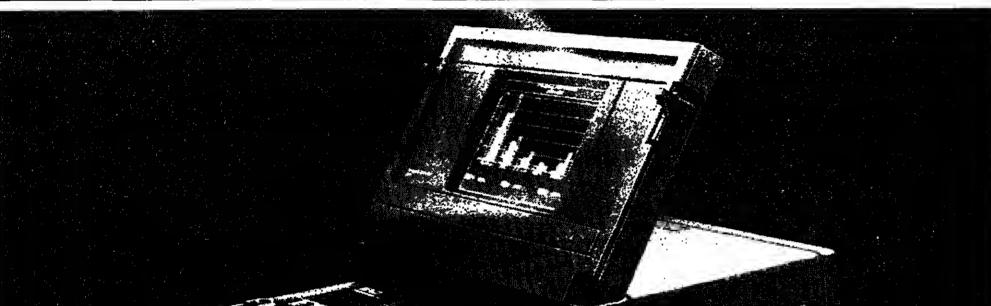
with the Government's expectation of 3 per cent growth in the economy during the year, because of sub stantial discrepancies between different measures of gross domestic product (GDP).

The figures given by the CSO show that during the last three months of 1983 output rose by 0.5

LONG-TERM Interest rates in Britain were probably on a declining trend and likely to average 3% to 3% Pepper, joint senior partner with W. Greenwell, the City of London brok-ers, said yesterday. After adjustment for inflation,

borrowing costs were likely to re-main significantly higher than the average over the post-war period as a whole, he added.

Interest rates would fall, however, from present higb levels as a delayed response to the sharp drop in inflation led to lower demand for credit.



tor Gauntiett's Pace Petroleum organisation. Mr Gauntiett has sold his Pace interests, and since last summer has been full time excutive chairman of the car-THE GOVERNMENT is likely to have to add about £1.5on to its planned nuhlic expenditure totals for 1985-86 - and for the years be-

vond - because of the effect of the controversial Rates Bill on local roperty taxes. The Bill, now passing through parliament, seeks to curh high-spending local councils. But the

ikely savings on public expenditure, from a cash freeze in 1985-86 in the 17 councils whose hudgets are most in excess of government

dilute that unity would be quickly isolated, he said. "Anyone who at-

"He is a fading political figure and I don't think the course of British history is going to be much af-fected by what Mr Benn does from now on," he said.

For the ordinary desk job, however, you could probably get away with an IBM

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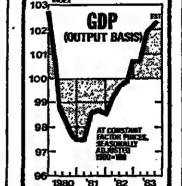
But as you might expect, there's a price to be paid for such an exceptional machine.

Should you have an ordinary desk job, your company may well decide it's unaffordable.

But should your office usually look more like a restaurant, or a construction site, or someone else's boardroom, they may well decide it's indispensable.



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per cent over the third quarter, to

behind the other two main indica-

and expenditure, mainly due to sta-

In its forecasts, the Treasury av-

erages all three measures, it is con-

ident that full data to be released

The rate of growth slowed in the

third quarter. That reflected the ex-

tors of economic activity, income

tistical distortions.

about 3 per cent.

evels in 1982.

мг ге a lecture to the Faculty of Actuor ies, were designed to illustrate the level of real returns on long-term government stock which might be expected by pension funds and other institutions with liabilities stretching over decades.

• FIRE DAMAGE losses in Britain last year soared to £565.6m, more than 50 per cent higher than in 1982, the British Insurance Association said.

Almost one third of this record bill resulted from one fire at an army depot at Donnington, Shrop shire. It was Britain's largest individual fire and caused £165m worth of damage.

reach its highest level since the beginning of 1980. The output measure of GDP has none the less lagged significantly MINERS' UNION leaders in Scotland failed to win support for an all-out strike over colliery closures and a wage demand.

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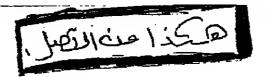
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• A STRIKE by trim shop workers at Austin Rover's car assembly plant at Cowley, Oxford, has ended. The dispute over job transfers had disrupted output for more than two next month will show growth at weeks.

• DEPLOYMENT of the British Last year's increase in output contingent in the multinational for-ce in Lebanon is likely to have cost was spread fairly broadly throughout the economy, with distribution and communications showing the strongest gains, but agriculture fall-ing back from exceptionally high just over £2m in the present finan-cial year. The force was withdrawn two weeks ago.

• MR PETER WALKER, the Energy Secretary, denied in the House of Commons that he was preparing last three months, however, from of Commons that he was preparing the 1.2 per cent achieved in the a timetable for privatisation of tha state-owned energy industries. But he confirmed that he was "considerceptionally high level of construction and the boom in car sales be-ing the scope" for transfers to the private sector.





UK NEWS

Capital spending Thatcher's Cabinet accused of losing touch by chemical industry up 14%

According to the association, im-

cal companies with operations in

switched a fair amount of their pur-

chases to contineotal-based opera-

Prices continued to improve last

year, while lower raw material

costs helped to improve profit mar-

gins. The latest average earnings index for the industry showed an

8.5 per ceot increase over the previ-

ous year, according to the associa-

tions.

tion

within the Cabinet.

their predecessors.

Party continues to enjoy a remark-

ably high standing in the opinioo

self seems as determined as ever.

Yet there is often a time-lag be-

fore a weakening at the centre be-

BY CARLA RAPOPORT

<u>ت</u> ا

Benn

CAPITAL SPENDING in Britain's all, chemical imports advanced by chemical industry jumped by 14 per 20 per cent in the first three quar-cent in the first nine months of last ters. war. It was the first increase in

eal spending for five years. ports now account for about 34 per cent of the UK chemical market in / The Chemical Industries Associatalled £579m. Using 1980 constant per cent in 1980. The surge in im-prices, this works out at an increase ports last year, according to Mr volume terms, compared with 27 prices, this works out at an increase ports last year, according to Mr of 14 per cent and compares with a Wey, was due to the strong growth real declice in spending of 17 per in UK demand, the strength of stercent in 1982.

nt in 1982. The industry is not building big ants. Rather, it is spending more A oumber of international chemiplants. Rather, it is spending more money on improving the efficiency and technology of its older plants," Mr Keith Wey, the association's se-Britain bave rationalised their UK facilities in the past few years and nior economist, said yesterday. UK chemical output showed a

set for fi good recovery last year, with a 6 per cent improvement to £20.5bn. This cc stabili performance was boosted by the strength of domestic demand, which expanded by 9 per cent.

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Long-ten

'on deck

Fales

Growth was strongest in organic chemicals, plastics and dyestuffs. While exports advanced last year, the pace of imports growth in the

chemicals sector was unusually It expects the recovery to last high. Plastics imports rose sharply through the first half of 1984, but it in the first three quarters of 1983, is more cautious about prospects by 27 per ceot in value terms. Over- for the second half-year

"I HAVE a feeling that it will be signs which appeared after the Ha-downhill from oow on - Mrs rold Macmillan and Harold Wilson Thatcher is concentrating on for-election victories in 1959 and 1966 eign affairs and getting out of have started to be seen. touch." There has been a succession of

This commeot by a senior Condifficulties. There was the mishandservative MP typifies a growing ling of the issues of the U.S. inva-sense of unease among backbench- sion of Grenada and of the ban oo ers at Westminster. This talk is not union membership at the Government's secret monitoring centre confined to the so-called "wets" the more liberal members of the GCHQ.

party - or to disappointed seekers after political office. The worries are shared by loyalists and are being focused on political weaknesses of Mr Cecil Parkinson, the Trade among some of Mrs Thatcher's clos-est advisers and on the balance and Industry Secretary, because of his affair with his former secretary. Now there is the question of Mrs During ber first term, and parti-

Thatcher's son, Mark, and his busicularly after autumn 1981, Mrs Thatcher had an effective political ness association with Cementation, a UK company, in winning a con-tract in Oman. Mrs Thatcher has team which worked well and belped to win last June's election victory. come under pressure to explain her But the team changed last year own role, on a visit to Oman, in prowith a oew party chairman, a new moting the contract. She bas strenparliamentary private secretary and a major ministerial reshuffle. uously denied discriminating be-tween companies in trying to win The critics argue that the replace-ments lack the effectiveness of orders for Britain.

Ever sensitive to changes in polit-ical mood, Mr John Biffen, Leader The problems should not be exagof the House of Commons, went out gerated, however. The Conservative of his way in a weekend speech to reject any comparison with the undermining of government credibili-ty in the early 1960s. He said Britpolls, the opposition remains di-vided and the Prime Minister berain's position was being streog-thened in "the real world,"

As one former Cabinet minister First, there is Mr Michael Alison, sympathethic to Mrs Thatcher re-marked, "It all needs careful han-

The second term of Mrs Margaret Thatcher (right) is causing unease even among the Government's own parliamentary supporters. There have been a succession of difficulties There has been the recurrence of and a recurrence of peri-apparently peripheral but nagging "scandals" such as the resignation "scandals." Peter Rid-"scandals." Peter Riddell. Political Editor. assesses the criticisms that the reshuffled Cabinet is lacking a sense of politi-

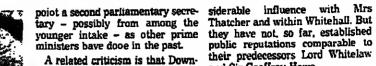
cal awareness.

Minister's eves and ears at West dling. If the domestic scene is unminster, picking up the gossip and backbench opinion. Mr Alison, a former minister of state at the Dedramatic, she's got to work hard to keep the political initiative. Talking to the Soviet Union is all very well, partmeot of Employment, is univerbut the trouble is ahe'll start to besally liked and trusted, but he is a lieve she really is a world statesshy and reserved man. man

At present, the criticisms are concentrated more on Mrs Thatcher's marked: "What you need io that joh advisers than on herself and mainly is a bit of a boozer who will go into the bars talking to everyooe." Mr Alison, a strong evangelical Christurn on the theme that Downing Street is out of touch. tian, is oot that. New MPs complain There are several lines of attack.

of having little contact with him. her parliamentary private secre-Consequently, some MPs are sogtary. His job is to act as the Prime

As one of his colleagues re-



advisers prickly and defensive.

gument is that the ministerial

Employment.

public reputations comparable to their predecessors Lord Whitelaw and Sir Geoffrey Howe. ing Street bas become more isolat-On this view, there is an absence ed. Some ministers as well as backbenchers argue that the political adof good communicators such as Mr Kenneth Clarke, Minister for visers around Mrs Thatcher - as Health, or Mr Kenneth Baker, Mindistinct from the Civil Service private secretaries - are zealots with-out any roots in the party. Mr John ister for Information Technology. who are both outside the Cabinet. Redwood, the new head of the poli-The criticism is underlined by the cy unit, is seen by officials as a effectiveness of some of Labour's sharp and clever man who bas yet oew front-bench team. to show that he has political weight. Downing Street officials have de-

The critics feel that these points have been reinforced by Mrs Thatcher's failure to involve the Cabinet as a whole in the decision veloped a siege mentality towards what they see as unjustified press and Labour attacks over Mr Mark to ban uoion membership at GCHQ. Thatcher's involvement with the

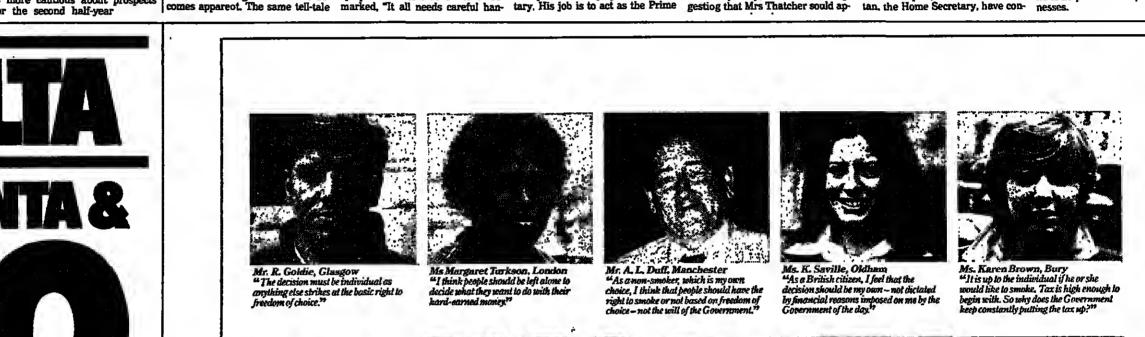
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Overall, what has been missing Oman contract. The result has been has been a sense of political feel. to make the Prime Minister and ber Many MPs attribute this in part to the absence of Mr Parkinson, His

Mr John Selwyn Gummer, the role as a close and valued adviser of party chairman, is also seen by some MPs as lacking the political weight of Mr Parkinson, his prede-Mrs Thatcher is being appreciated in retrospect. Indeed, Mr Parkincessor. In part, this is not his fault son's stock is rising at Westminster since he is required to combine the chairmanship with the post of Min-

ster of State at the Department of After a rough personal period after his resignation in mid-October, Mr Parkinson is back on form and There are broader doubts about the balance of the Cabioet. The ar- active behind the scenes.

There are eveo suggestions - uochanges last year weakened the thinkable a couple of months ago that be might be brought back to public impact of the Government. Mr Nigel Lawson, the Chancellor of the Government in a future reshufthe Exchequer, and Mr Leoo Brit- file to help correct the present weak-



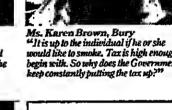


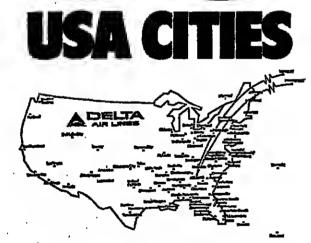












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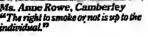
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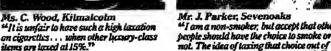




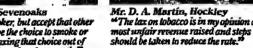












9 out of 10[°] people wish to be free to decide whether they will smoke or not.

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The taxes on cigarettes are unfair compared with most other products. Excessive tax means that smoking is being put out of the reach of many people, and the decision is no longer theirs.

A recent poll* conducted by NOP Market Research

*NOP Market Research Ltd., July Nov. 1983

showed that 9 out of 10 people felt that smoking was a matter for personal choice.

The tax burden falls upon everyone, but the smoker is paying more than his fair share.

Even 43% of non-smokers agree that the tax on cigarettes is already too high.

For people who want to decide for themselves, the time has come to say, 'Enough is Enough'.

ISSUED BY THE TOBACCO ADVISORY COUNCIL: SPEAKING UP FOR SMOKERS Gien House, Stag Place, London SW1E 5AG



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TECHNOLOGY

New weapon in the medical diagnostics armoury Gene probes zoom in on herpes

GENE PROBE

FILTER ASSAY

By Stephanie Yanchinski

OLD-FASHIONED sex is giving biotechnology a chance to show its colours and at the same time is setting the stage for a battle between two of its hotttest technologies.

Monoclonal antibodies and gene probes are competing for rapidly expanding market for diagnosing sexual diseases. This, however, is only a curtain raiser for a protracted struggle for the diagnostics market as a whole, worth \$500m a year today, and an estimated \$35n by 1990.

These two technologies offer advantages in speed, sensi-tivity and accuracy over current tests which rely on radio-isotopea Such radioimmuno-assays have dominated the diagnostics market for 15 years. but they can be expensive, and present special problems in waste disposal and safe indpresent ling which require highly trained help. These difficulties are targety solved by biotechnology.

Monoclonal antibodies are natural chemicats which signal the presence of a microbe by attaching to apecial places on the surface of the cell coat called antigens. Each mono-ctonal antibody docks only with a particular antigen, according to the closeness of the mole-cular "fit' between the two.

Gene probes, on the other hand, are abort sequences of DNA, the chemical of genetic inheritance, which recognise certain genes. Consequently they can be made to detect and bind to certain sequences in a microbe's DNA. Both monoclonal antibodies and gene probes are extremely sensitive, and can be used accurately with very small samples.

Tagged

In order to visualise the action of these biological "disease detectives," they must be tagged either with radioisotopes, fluorescent chemicals, or preferably protein dyes. These eliminate the need for expensive diagnostic equip-ment, showing the presence of infection by a simple colour cbange.

Current commercial versions give results in under an hour, and need only minute amounts of the patient's sample. This offers two enormous advantages for diagnosing sexual diseases, which normally means growing searches out the appropriate the sample for days to get genes in the microbe's DNA, enough microbe to test. and then reporter complex,

As standard-bearer for gene probe technology, a small American biotechnology comvisible. pany may have already tipped the balance in favour of probes with the recent launch of a new generation of kits for diagnosng infectious diseases. Systems Inc, and invested over

\$20m in the company. Enzo's kits cost about \$5.00 each and are destined for The new kit picks up oral as well as genital berpes, a disease each and are destined for clinical research laboratories notoriously difficult to spot early. Dr Elazar Rabbani, presionly. But Barry Weiner, Enzo's executive vice president, says dent of Enzo Biochem Inc, the New York-based firm launching the kit, claims that the techthat should results look promising, a commercial kit could be nology bebind it makes possible "the detection of a range of made available to bospitals in a matter of months, pending Food and Drug Administration other infectious diseases dif-ficult to identify using tradlapproval. tional methods and monoclonal antibody technology."

Enzo's kit eliminates the

Infection

ueed for tagging gene probes with expensive radioisotopes Enzo is only one of a number of American biotechnology com-panies exploiting gene probes. Integrated Genetics, a Bostonaltogether, the most commonly used technology to date. One based firm backed by Roths-childs' Biotechnology Investyear ago Enzo acquired an exclusive lirense for a method of visualising gene probes developed by Dr David Ward, at Yale University which made gene probe technology commercially viable. ments Ltd, has a probe for salmonella in food, which could save manufacturers millions of dollars

reek open organism

Amgen, a small California At the heart of the Yale blotechnology company, is nethod is a "reporter" complex working with Abbott Laboramethod is a " reporter " complex consisting of a water soluble tories to produce a test for cancer, Mucb further down the vitamin, and a protein found in egg white to which is attached road, gene probes could be put to wider use in screening for inherited diseases, and occupa-tional health hazards. Meanwhile, monoclonal anti-can be taken out of the laboraa fluorescent chemical or dye. In clinical practice the patient's sample is flooded with a vast excess of first probe, which searches out the appropriate

body manufacturers have not lory and put alongside the been idle. Syva, part of Syntex patient or into the doctor's Corporation's diagnostics divi- surgery."

This U.S. Office of Technology Assessment diagram shows how DNA or gene probes work which makes the whole thing sion, began marketing in the U.S. a 30-minute monoclonal test for Cblamydia, a type of Johnson and Johnson, one of infection currently surpassing gonorrhoea in frequency in that country. This is only the latest in a rash of monoclonal the world's largest beath care companies, has agreed to market Enzo's kits through its sub-sidiary Ortho Diagnostic test kits from a number of com-panies, for diagnosing a range

Treat the DNA with G

of conditions from hepatitis to pregnancy. However, many technical obstacles remain to be overcome. Monoclonat antibody reagents are much less stable DNA probes and more difficult to prepare and auto-mate. Moreover, over time microbes subly change their outer coats and thus their antigens. So a battery of mono-cionals will be necessary to

Dick up all the variants, says Dr John Beale, bead of bio-logicals at Burroughs Well-come, another company "very interested" in gene probes. Celltech, Britain's largest genetic engineering company,

with a strong reputation in monocional technology, is also looking into gene probes. Jurek Sikorski, director of marketing for Boots Celltech Diagnostics Ltd, Cetltech's new subsidiary, says that monoclonals are ideal for picking up protein indica-tors of disease in the blood and for insting democod them are for imaging damaged tissue on X-ray film. However, in diagEDITED BY ALAN CANE

Video recorder makers are down on the levy

manufacturers-who fear a pos-

aibte levy of £3 to £4 on an

EC proposals are accepted-

No matter how the law is

WHEN MORALISTS and com-mercial interests argue, a when recording other people's see later at the cinema (or by stubborn contest is generally material without permission-assured. When issues of but who cares? recorded videotape).

The copyright owners and principle and profit are found to motivate contestants on both producers, through bodies such sides, emotional outrage and as the IFPI, care very much. The moral stance—the illegal plundering of so-called "intcl-lectual property "—is easy to confusion seem inevitable. Such is the prospect now emerging in the debate about levies or taxes on blank videoaccept; but the commercial vested interest is also eyeing a possible royalty cake in the UK tape and VCRs. Recent events

turers Group declared open warfare. They were appalled by a massive 265-page report commissioned oy the European resort to their own moral post-uring: "rough justice against the consumer." Mr Bill Fulton, managing director of Sony UK Communities, and their shock centres not least on the authorsbip of the report-Gillian Davies, who just happens to be associate director general of the International Federation of Phonogram and Videogram Producers (IFPI) which repredustry in creating jobs and im-proving the quality of life for countless people—" not least the blind and physically handi-capped " (the former for audio sents the "other side." Cries

Sweden. West Germany, Austria and France have already

video bas created. Is it fair that a written or broken, the moral dilemmas and commercial re-wards are the determining acknowledges that subsequent opinion says that since 66 per copying and re-performance of cent of home video viewing to that work should view acknowledges that subsequent opinion says that since 66 per copying and re-performance of cent of home video viewing is that work should yield some of broadcast recordings — reward or royalty for those in- already paid for by the con-volved, and generally this sumer—why should he pay happens. But with the arrival again with a tape levy? The of home video, of course, the counter to this is that nearly traditional controls available 50 per cent of such recordings are lost. Every one of Britain's are feature films which the con-

The argument rolls on further

with the cry that such TV re-cordings are only time-shifting. However, according to a recent study by AGB, British VCR owners spend nearly 40 hours per week watching broadcast TV against 37 hours spent by non-VCR owners. The differ-cnce is almost wholly due to time-shifting. Which suggests that the possession of a VCR is extending the use of cheap On the other hand, the tape television at the expense per-haps of renting or buying prerecorded cassettes, even going

to the cinema. To the usual equations of disposable income should be thus added disposable time. And if the copyright owners, producers and distributors are suffering from home taping, so too are the cinema owners. How then is the levy to be ahared?

Which is where another vex-ing issue enters the equation. There are some sectors of tho moving picture industry which rely upon the so-called Eady Levy on cinema tickets. But with the dramatic decline in cinema, admissions, this levy is now totally inadequate and the average blank videotape if the Minister responsible - Mr Kenneth Baker-is expected to abolish it soon in a major review of the film industry.

The needy for Eady include the National Film Finance Cor-poration, the National Film and -gives the emotional screw an even harder turn by upholding the importance of the tape in-Television School, the National Film Archive, even the Childdustry in creating jobs and imren's Film Foundation. All are non-commercial. Each provides, respectively. the crucially needed finance, archival footage, young talent and next generatape). The present government has tion of educated viewers upon so far shown no inclination to which the industry depends for sustenance and development. introduce a tape or VCR machine levy, even though the Whitford Committee on copy-Such claims rely heavily on the emotional and moralising

arguments. But they also should appeal to the vested commercial interests in video who ultimately would go out of business if the sources of mov

business if the sources of mov-ing pictures dried up. Another lobby group (Lord Wilson, David Puttnam, and others) say: why not a volun-tary levy; from the industry, for the good of the industry? That should satisfy the moral issues and plugth source moral issues and plough some money back where it belongs. It might also serve to highlight the real nature of the row. Someone is being parasitical under the cloak of justice-creator, tape-manufacturer or consumer?



Software How to dodge an Exocet

A British computer company has developed software with which military engineers can practice the art of avoiding guided missiles.

With "an electronic war fare scenario generator," people can simulate on a computer screen the radiation emitted by objects such as heat-sensing rockets. The seftware, developed by Soft ware Sciences of Para-borough, Hampshire, simu-lates up te 250 different radiation sources.

The company hopes to sell the software to Ministry of Defence research establish-ments. More information on 0252 544321.

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Photography

Kodak's museum on the move

A BIT of Kodak's technical history in the shape of its museum is to move to the National Museum of Photography. Film and Television at Bradford.

Kodak's decision to donate the museum-now based at the company's beauquarters at Harrow-comes at a time when the company's plans to expand the museum there had been shelved. Also many more exhibits will be able to be shown at Bradford and more people are likely to see Kodak's collection of cameras, films and photographs than over before.

The miscum was set up in 1927 and is one of the major collections of cameras and re-lated equipment. The Kodak wing at Bradford will opennext year.

now look like raising the temworth from or more, which rather overshadows the moralperature of discussions to a full-scale war-with the lape manufacturers leading one side. ising and the representatives of the copyright owners and creative talents leading the other. The row extends to audio-tape, but the principles are similar. Simply put, one powerful looby is urging the government in UK to impose a levy on the sale of blank tapes and VCR machines. The aim is to compensate the financial loss which home taping is claimed to be

commercial rewards are the issues

causing the programme makers and artisis. Understandably, the manufacturers are, to put it mildly, very displeased at this idea. The ball has been in play for some years now, but last week in the UK the Tape Manufac-

of bias are easy to understand, however convincing the documentation. Some countries, such

introduced levies on tape or machines, but the EC report ls the first major step towards issuing a directive to member countries to "barmonise"

right proposed at least the latter when it reported in 1977. But such proposals emanate national policies regarding such from a need to clear up various anomalies in the law which levies. The moral issues at stake centres on complex matters of copyright. writer, film producer, musician or performer should receive a

Video&Film By John Chittock No matter how the law is written the moral dilemmas and



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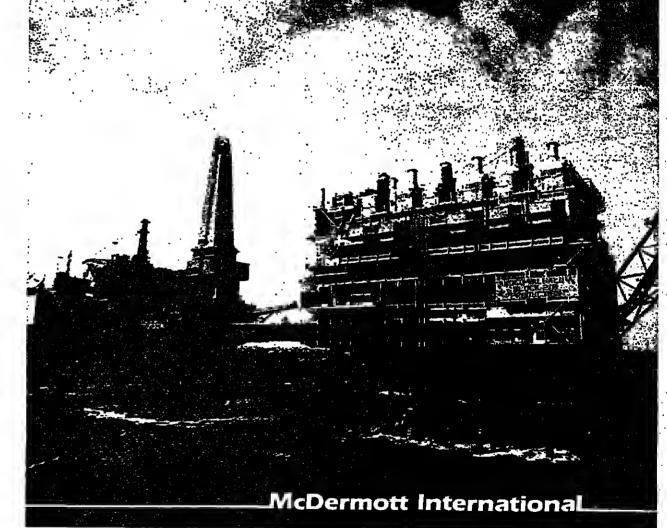
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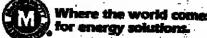
With an effort apanning three Norwegian winters, McDermott's North See Division managed the fabrication, Installation, and hookup of a three-platform drilling end production complex for the Valhal Fleid.

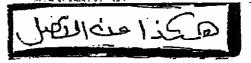
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Financial Times Tuesday February 21 1984

THE ARTS

London Galleries/William Packer

When the primitive is just naive

Emanuel Ax/St. Johns, Radio 3

Andrew Ciements

The Creation/Festival Hall

Dominic Giil

Klaus Tennstedt has fre- his recitatives (and notably in

Emannel Ax ranged widely in omitted as much as it encom-yesterday's BBC lunchtime con- passed, especially in the last two yesterday's BBC lunchtime con-cert at St John's. Between movements. There las two movements. There la real Haydn's C major piano sonata Humour where Ax only found hob 48 and Beethoven's D mild amusement in the scherzo, minor Op 28 he placed Schoen-berg's Six Little Fiano Pieces some of the episodes in the Op 19. The pressurised, ex-rondo. In Schoenberg'a Op 19 also provided welcome contrast, for Mr Ax's approaches to Haydn and Beethoven proved stranged similar. Both sonatas emerged the opening movement of the pensated. With the warmth of

the opening movement of the pensated. With the warmth of Haydn were shorn of any sug-St John'a providing support he gestion of Siurm und Drang, coloured each of the slower kept within the amhit of warm pieces with a halo of lingering expressivity by the plentiful use overtones and realised the of pedal and a tone that lacked impressionistic gauzes of some any suggestion of forcatures. expressivity by the plentiful use overtones and realised the of pedal and a tone that lacked impressionistic gauzes of some any suggestion of forcefulness. of the whole-tone effects. Where In Op 28 Ax emphasised elsewhere Ax's broad good the pastoral associations by humour sometimes threatened selecting templ for each of the to lapse into blandness, a movements which tended to iron Brahms' Intermezzo offered as out contrasts and took the orders on accord published the most movements which tended to from Branns' Internezzo onered as out contrasts and took the sedate an encore provided the most opening allegro as the norm: a comprehensive playing of the fuid, swlflish Andante, relaxed recital, finely orchestrated in scherzo and subdued finale. It terms of keyboard sonority, and provided civilised, ultimately shaping the phrases into bold, soporific plano playing that generous sweeps.

The primitive, oaive and popular arts deserve the most serious study and consideration,

and not only for the position they hold in relation to the development of modernism at various points in its history, as stimulus, example and reproacb, but very much for their innate virtues and qualities: innocence and simplicity, directness, fresh-ness, all uncomplicated and unself conscious, a real sense of be-ing so close to the springs of the collective imagination. Out the collective imagination. Out of them have come some of the of them have come some of the most simply heautiful, moving and profound of the things that Man so variously has produced. The anthropological museums of the world are full of them— and it is indeed one of the real achievements of our dreadful age that we should have brought ourselves to acknowledge the true nature and authority of what was for so long thought to be merely curious, outlandish or bizarre.

But we must be very careful in our enthusiasm; for special pleading soon takes a hold, and all too easily we might find our-

Mexico, and of Gothic Europe, the bronzes of Benin, the tribal totems and fetisbes of the Pacific, all are wonderful things, and manifest works of art; and now at the Barbican (until April I) we have "American Folk Art: Expres-sions of a New Spirit."

It may seem a shade unkind to invite such a comparison, but this is a case in which curatorial ambition would appear to suffer no such inhibition. The exhibi-tion, lavishly sponsored by the United Technologies Corpora-tion, comes to London from the Museum of American Folk Art in New York, at the end of an extended international tour; and in Itself, within clear limitations of scope and material, it is enjoyable enough. High on tharm if thin on the ground, it might even prove something of a success, with its patchwork quilts—which are lovely—and its cigar-store Indians, its painted furniture, decoy ducks, whirligigs and weather vanes, its samplers pottery articles its samplers, pottery, artless portraits and local views. Con-

centrated into a third of the space It now occupies (which is the entire sequence of the upper galleries) It might even have stoked up a certain unaffected vitality, and even registered a common aesthetic, as will a collection of any sort, whether of curios or masterpieces, if the eye of the collector is as sound

Abstract Expressionism of the as it were, for fear we might charming?—yes: expressions of 1950s and 2960s is no longer miss something. The furniture a New Spirit?—not really. quite as fashionable. Realism is bandsome enough, in its plain The lower balf of the Barbland figurative painting which 19th-century fashion, robust and began to once again dominate serviceable, and the urge to national artistic circles in the decorate it neither unreason-1970s continues to gain in popu-larity; and folk art, that once-neglected expression of the tero on this clock has been

selection of works from the Corporation's collection, very much like the one made two years ago that was so very popular, and which is to remain on free tero on this clock has been common man, now attracts as much attention as all other forms of American art." His called 'paw printed ; it was probably created with a hit of spooge, crumpled paper or cloth." very words, and all but the first senteoce questionable. display for the rest of the year. There are some very nice things in the exhibition, which extends Not everything is quite so "Folk art has been and continues to be the mainstream of

in the exhibition, which extends in its scone from Peter Lely and Michael Wright to John Lavery and Matthew Smlth, with the Viclorians sunplying the mass of the stuff between: Tadema, Leighton, Millais, Tuke, Tissot, Rossettl, Povnter, Albert Moore all honoorably represented in what evidently will be a change old, and most of the carved decoys, which are hardly unknown here, date from the 1920s: "Decoys which retain their original condition and paint surface are most sought after by collectors. Few after by collectors. Few examples from the first half of the 20th century are in such what evidently will be a chang-ing show: and there is also the and am convinced that the en-tire field of activity of the folk artists was absolutely not, as has often been said, a charming postscript. I belleve it was a central contribution to tha main-stream of American culture in the formativa years of our democracy." So thare we bave lt, hrave sor and am convinced that the en-tire field of activity of the folk artists was absolutely not, as has often been said, a charming postscript. I belleve it was a central contribution to tha main-stream of American culture in the formativa years of our democracy." So thare we bave lt, hrave sor and the eela are taken from the top of the basket by nal were and the generative the basket by sor the top of the basket by and the the top of the basket by the basket by the basket by and the top of the basket by and the top of the basket by and the top of the basket by the basket by the basket by and the top of the basket by the basket full-size study by Constable for his Salishurv Cathedral from the Meadows, the most important ltem.

But an enjoyable if unde-manding show is one thing, the underlying policy which it would seem necessarily to infer quite another: and it is certainly most words to match these hrave, and nal version of this doll (Ragalarming to learn that balf the sometimes very pretty things; gedy Ann) was designed by and as we walk through the John B. Gruelle in the early Gallery, a gallery which, for all its faults, has established itself ao very quickly as one of exhibition, at every turn the 20th rentury. He allegedly organisers, through their cap- copied a doll owned by his tioning, bold our collective band mother." Naïve, innocent,

London's princinal showing spaces, has now taken the cheap and easy administrative option. Finally, two recommenda-tions: the Kessler Bequest is on show at the Tate (until April 29), and should be seen as II is. It is hy just such acts of pri-vate generosity that great public collections may be signi-ficantly enhanced, and in this case, through the Tate we are case, through the Tate, we are all beneficiaries. But it is the way of such things that in time the smaller must be absorbed by the larger collection, its distinctive after-taste to be savoured onty in catatomie and label, and

The lower balf of the Barbl-

can Gallery is occupied, mean-while, and for some time to

come, by the City's Pictures

fading slowly, But the late Mrs Kessler'a 14 modern paintings and drawings, most of them French, from Daumier and Degas to Picasso and Modigllani, are for the moment still together (a moment still together (a like more continuous fantasy in rememb fiftheenth, the large equestrian the plece, and even an under-family portrait by Dufy, will join them in due course), and they form a remarkable group. A fine, small still life by Renoir, and a late reclining nude, are among them, a Matisse sea-scape, and a Modigliani portrait and a wonderfully energetic caryatid: hut the greatest work is undoubledly the large Degas pastel, *Femme* ou Tub, blue, gold and pink, the figure deliscape, and a Modigliani portrait and a wonderfully energetic caryatid: hut the greatest work is undoubledly the large Degas pastel, Femme ou Tub, blue, gold and pink, the figure deli-cately and intimately monu-mental. The Dufys form a group within the group three dewithin the group, three de-lightful gouaches and one extraordinary canvas, a large harvest landscape that rather confirms what the Arts Coun-cil's splendid exhibition recently proposed, that Dufy was more

substantial an artist than we

And at Agnews, Mrs Gage by John Singleton Copley remains

on view for the rest of this week, awaiting the tenders for ber purchase to be revealed.

had allowed.

Fille Mal Gardee/Covent Garden

Clement Crisp

On a brilliantly sunny after- allegro work and very pretty in noon, what better than to ace ber playing. She gives the role three young dancers taking on a lightness and tripping charm the leading roles in La Fille that are most attractive.

Mol Gardee-that ballet of sun-Bruce Sansom, who made his Mol Gardee—that ballet of sun-shine and youth—with per-formances as cheerful as the weather. Karen Paisey and Bruce Sanson, making their company debuts as Lise and Colas, ond Guy Niblett giving only his second appearance as Alain, all looked happy in their interpretallons at the Opera House on Saturday. The Covent Garden public is at its warmest school graduation performance as Colas two years ago, is a hero more classic in potential than most. He still looks very young (too young, really, for the role), and is physically slender and coltish, but there is little coltish in his classic style when he is allowed to dis-play it. The cornfield variation had a grand sweep, and his fine-bred dance manner suggest Garden public is at its warmest and most encouraging on these occasions and, Herod-admirer though 1 am, I could not wish the legion of tots in the stalls a baletic baptism heller than this.

Fille has altered across the years. It has lost something of the warmth of temperament that Norina gave it and the yeoman worth which was a key to David Blair'a rightness as Colas. Now things seem more brash and at momeots unfeelingly comlc— physical alertness to revel in Nerina, as I recall, gave much these switch-back emotions. It sweetness to the first scenes is an interpretation as winning with Colas. But Karen Paisey as any since Alexander tirant's is a dear Lise, very bright in great creation.

a premier danseur in the making. Guy Niblett's Alain is already assured (what a difference an extra performance can make), original and wholly splendio He understands holh the zani-ness of Alain's character and ils pathos, and he does not put one mercurial foot wrong. Best of all he suggests how quickly Alain's feeliogs change and hc has the dramatic will and the physical alertness to revel in

9

Dmitri Alexeev/Wigmore Hall **David Murray**

Alexeev's recital on Saturday began magnificently with one of the late Brahms piano-sets, the op. 116 Intermezzos and Capricelos, and ended exuberantiy with five encores. Of those, three were Chopin rolses, and the programme bad in-cluded his B minor Sonata and the Barcarolle; Papillons, Schumann's op. 2, came in the middle. Formidable perform-ances, all of them: I found the music at either end of the recital most involving, but that probably reflected mere indi-vidual taste. There was tre-mendous general enthusiasm. Each of the Popilions was rohustly and fresbly character-ised, alive with original louches, rather strictly segregated. I like more continuous fantasy in the plece, and even an under-

birth.

Milkwood."

Allegro was scrupulous in detail but majestically broad: it got its full repeat, dwarfing the Scherzo, which rattled by in a shower of dry sparks. The Largo was grandly cogeni, with depths of feeling under sovereign control. For all its drive the Finale preserved a grim air, with the relentless beal of the rondotune always a notch below the franlic scamper of the episodes. Some trivial fluffs actually increased the tension. In Brahms, Alexeev's big-boned, unfussy authority had

something like Glicis' speaking direciness, and il brooked no argument. A huge souod, but immaculate (with the pedal strictly rationed) : I do not remember a performance of op. 116 that has done such searching juslice to lhe most introspective, withdrawn latermezzos without reducing the scale they need to make sense in the whole cycle. Each Capriccio revealed strong rhythmic pulls that had the force of instinct. The "Russian piano style" could not want a better exponent-and he is not

Under Milkwood Suite **Christopher Lorenz**

quenily shown himself to be a the big "Leich öffnet sich"). judicious, sparkling interpreter Anthony Rolfe Johnson's tenor judicious, sparkling interpreter Anthony Rolfe Johnson's tenor of Haydn; on Sunday night this Die Schöpjung-sung in Ger-man by the London Philhar-monic choir, with a fine trio of soloists, splendidly played hy the LPO-was no exception. The manner was set in the marvellous orchestral prelude, marvellous orchestral prelude, which contains in any case that her the single expressive device most extraordinary music, of an almost Brahmsian lushness which is becoming a mannerism —that persistent habit of giving and complexity, in the whole every note which can concelv-oratorio: fine-spun, teeming ably bear one a little cresendo with dark colour, intensely urge, destroying true, smooth dramatic in its slow unfolding. The explosion on the uned

"Licht" was a firehall flash-and Haydn surely conceived it (especially after his recent dis-covery of Handel in London) It is intriguing to imagine how different the closing pages of *The* Creotion would sound if Haydn had not chosen to gloss over tha only scrap of dramatic irony the text contains, as no less. It was welcome to hear the Chorus give their big-Uriel's last solo words, by set-ting It as secco recitative-Bach gest numbers with as much care-ful nuance as fervour: the would never have let the chance contrapuntal tracery of the three finales was very deftly volced. go by. But Tennstedt tried no tricks: the final chorus ascended,

Benjamin Luxon was the bari-tone soloist, nobly resonant in roseate glow.

Trade Secrets/Albany Empire **Martin Hoyie**

Jacqui Shapiro's play for The this with a gentle " Not all of Women's Theatre Group, at the them "-a giant step forward Albany in Deptford, covers for feminist womankind. familiar ground. The dilemma of the heterosexual feminist

Unfortunately the characters

as his taste is broad.

But "Expressions of a New pirit"? Fine and ringing

truly primitive, popular or naive-which would not do at all. The sculptures of ancient Mexico, and of Gothic Europe,

all too easily we might find our-selves saying, as indeed some would now appear to do, that beauty and profundity will thus attend upon anything that can claim, one way or another, to be

12:44

American art. It is by and for the American people "; and he

goes on to quote approvingly Miss Jean Lipman, "one of

America's most adventurous pioneer scholars in the field ";

" I bave never changed by mind

and am convinced that the en-

who misses a man while resecting men recalls Terry Johnson's ing men recails terry Jonnson's Unsuitable for Adults. The horror of women confronted by sadistic pornography is out of Sarah Daniels's Masterpieces, some of whose lines Ms Shapiro

In a vulgarly opulent country house three women gather ex-pectantly for a sociable week-end. A fourth arrives to announce that every man in the world is dead, victim of a maledestroying virus. The author scores telling points on the fears that are second nature to women: ber characters marvel at the luxury of being able to walk out alone at night-"There's nothing left to be afraid of."

There follows an exploration of sexual attitudes as the women of sexual attitudes as the women try to understand the attraction of pornography for their more satisfying than relation-defunct memfolk and wonder ships with men. Comhined with whether they themselves could Gay Sweatshop's current meswhether they themselves could Gay Sweatshop's current mes-find it gratifying. They try on nanghty underwear, riffle through magazines, see a hrntal film. "They must hate us," exclaims one, a remark first heard in Masterpieces; but Ms threatened hy peaceniks than by Charlie hearther and the species looks more Shapiro has the grace to qualify nuclear war.

shadowy. As played by Chrisparase that It is, just what does tine Walerhouse, Ruby, the rich young vulgarlan in leopard-skin print leg-warmers, dominated by it mean? The show is curated, as our American friends would put it, by Dr Rohert Bisbop, who has this to say in his fore-word to the catalogue: "Ameria father who founded the family fortune on porn, emerges as the one real and consistent figure oo can art has been extensively reevaluated in the early 1980s.

stage. Chief casualty is Elleen George whose upper-class Pru-dence, correcting Ruhy's gram-mar, referring to berself as a lady and reminiscing about her pony, is not only a caricature but half a century out of date. As the ex-prostitute embittered, we gather, by acting in those films, Sandy Maberley has little to do but smila enigmatically and look like a young Elsie Tan-ner. The party's late-comer is a cypher: Stephanie Pugsley looks slightly puzzled hy it all.

There are hints that a good cuddle with another woman is more satisfying than relation-Williams. Holloway gives bis new piece

ltion has been awarded since 1974, when the first winner was Christopher Brown. For the ninth competition, however, the winner was commissioned to Charles Sorley, a young poet write a work for brass band. killed in action during World Rohin Holloway won the contest War I: "From the hills and with his *Men Morching*, written valleys earth/Shouts back the in 1982, and the result of his sound of mirth." But the work commission, From Hills ond Volleys, was given its first per-formanre in the Prize Concert at Brent Town Hall on Sunday evening by Fairey Engineering Band, conducted by Howard

Andrew Ciements Tha Guinness Prize for compos- and its predecessor the same choir of brass instruments; the textures. There are examples opus number, and the collective tille of Wor Memorials. From Hills ond Volleys carries a verse at the head of the score by

An American carousel horse with young admirer

Guinness Prize/Brent Town Hall

proves to be less illustrative than a very skilful fusion of Holloway's own idiom with the ing, slowly modulating transi-conventions of the brass-band tions usually done to death by repertory, in the form of an in-brass-hand composers hut here troduction and alegro. The in-given an acidulated freshness, troduction mashalls the themes, bighly mobile bass lines that allotting each to a separate roam freely through the densest Kong a few weeks ago.

coor of brass instruments; the textures. There are examples allegro then works them out in five distinct sections that quote from the earlier Men Morching at the climax. There is an unfailing knack throughout the plece of fastan-ing on to the strengths of the reminder of his discomfiling ability to the strength of the themes was a medium and exploiting them thoroughly: crisp, homogenous chords passed from one instru-mental group to another, linger-

ahility to transcend traditional encapsulation. From Hills ond Volleys was presented cogently classics. and precisely by the Fairey Band; one wishes that they could have paired it with Tippett's new work for brass band which they introduced in Hong

The onre commanding slature ward) through a day in their

of Dylan Thomas bas been lives, sharply diminished over the years by repeated critical reass-essment and attack. So it is not half At the Queen Elizabeth Hall on Saturday night-sadly only half filled-Tracey and his surprising that, amid all the general Orwelliana, few people quartet presented the Suite with impeccable swill, warmth and verve, from the rollicking plano seem to have noticed that 1984 is the 70th anniversary of his and base of Captain Cat's "I lost my step in Nantucket" to

Yet the Welsb poet's vibrant, impish images and lilting lan-guage still ring with a beauty who drifts in a dinghy dreaming guage still ring with a beauty and joy all their own, especially in bis famous amall-town idyll of half bidden passions, "Under of geisha girls wrapped only in rice paper. With Art Themen's sax, Roy Babbington's bass and his own piano. Tracey had gathered three of Britain's most experienced jazz talents, each

Twenty years ago this every-day story of love, lust and beery fantasy inspired jazz pianist Stan Tracey to write his "Under Milkwood Suite." A critical and popular success from the start understated.

ness originally given to the part

still a master of his art. And young Clark Tracey on drums was refreshingly controlled and

irreverently mytbical town of words rather than relish the way Llareggub (pronounre it back- tbey can roll off the tongue.

fellow musicians — it rapidly Griffiths thankfully avoided the joined the ranks of Britisb jazz exaggerated caricature of Welsh-The Suite takes the form of by Richard Burton. But com-eight matchlessly apt musical pared with Donald Houston on episodes as a narrator follows the 1976 recording he was the characters of Dylan's pallid, tending to ratile off the

Music/Monday. Opens and Ballet/Tuesday. Theatre/Wednes-Arts Guide day. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

LONDON

Boyal Opera, Coveot Garden: The new production of Andrea Chenier, a viv-id example of second-rank Italian verismo, has José Carreras in the ti-tle role, Richard Armstrong as conthe role, Richard Armstrung as con-ductor, and a staging (borrowed from Cologne) by the widely-ad-mired Michael Hampe. Last perfor-mance of the successful La Bohème revival, with Hona Tokody and Den-nis O'Neill as the lovers. (240 1060). English National Opera, Coliseum: The new production of The Master-aingers, a mixed bag of good and less good things, is notable above all for the interplay between the mov-ing, interesting, and subile Hans Sachs of Gwynne Howell and the brilliantly sung and acted Beck-messer of Alan Opie, John Cor's fa-mous production of Patience returns messer of Alan Oper, John Cox's fa-mous production of Patience returns with Patricia O'Nelli, Derek Ham-mond-Stroud, and Anne Collins in the cast; last performance of La Traviata, with the fragrant, passionate heroine of Nelly Miriciolu. (8363161).

PARIS

Le Fantome de l'Opera, a three-act ballet, choreography by Roland Petrt, music by Marcel Landowski, con-ducted by Marcel Landowski/Claud Schnitzler alternates with Vendi's Jerusalem in a new production by Jean-Marie Simon, conducted by Donato Renzetti with Veriano Luchetti in the role of Gaston, Alain Fondary as the Count of Toulouse and Cecile Gasdia as Helene. Paris era (7425750). Maurice Bejart and the XXth Century

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میں میں دیکھی اور ان کے مقادر

 Ballet: Messe Pour Le Temps Futur, expressing the anxiety, hope and fascination of the future. Palais des Congres (266 2075).

WEST GERMANY

Berlin, Deutsche Oper: Premusing this month is a Jean-Pierre Ponnelle production of Fidelio, conducted by production of Fideno, consistent Daniel Barcoboim. Il brings togetha Faun, Concertino and Kammer-musik. Lincoln Center (870 5570). er tenor Peter Hofmano as Flores-tan and Catarina Ligendza as Leon-WASHINGTON

ora. Der Rosenkavaller is perfectly cast with Brigitte Fassbaender and Anna-Tomowa Sintow. Die lustigen Weiber von Windsor rounds off the week, (34381). week, 198301). amburg, Staalsoper: The week starts with Cosi fan tutte sung in Italian. Turandot has Eva Marton in the Utle role and Franco Bonisolli as Ca-

 Inf. (351 151).
 Frankfort, Opera: Der Fliegende Holländer has Philip Joll in the title role. A new production of Don Pas-quale has Günther Reiche in the ti-tle role. Other performances are Ai-the role. Other performances are Ai-the American General in the title da with Aurea Gomez in the title role, Cav and Pag and Der Turke io Italien. (25821).

NEW YORK

Metropolitan Opera (Opera House): Natalia Makarova dances the butterlly in Le Rossignol, the stunning middle piece in Stravinsky, which also includes Le Sacre de Printemps and Oedipus Rex, conducted by James Levine, with sets by David Hockney. The week also features the first performance of Arabella conducted by Marek Janowski, with

Kiri Te Kanawa and Kathleen Bat-tie, Tannhäuser conducted by James Levine and the oew Rinaldo productioo conducted by Mario Ber-nardi and starring Marilyn Horne. Lincoln Ceoter (580 9830). New York City Ballet (New York State Theatre): The final week of the com-nenvis ceason of mixed reportory inpany's season of mixed repertory in-cludes performances of Alternooo of national opera houses.

February 17-23

vorks.

onic mishap.

Jolfrey Ballet (Opera House): Three

separate programmes including nine ballets with three Washington premieres and one company pre-miere mark the week-long visit of the Joffrey. Gerald Arpino's Italian Suite, set to the romantic music of Ermanno Wolf Ferrari, is a Wash ington premiere in the programme with William Forsythe's Love Song. A premiere set to music by Aretha Franklin and Dionoe Warwick. The third local premiere is Dream Dances, choreographed by Jin Kylian to music by Luciano Berio, which is matched with Paul Tsylor's

Cloven Kingdom and Antony Tu-dor's spoof, Offcobach in the Underrendering of Ford. world. The third programme con-sists of works by Sir Frederic Ashton, Jiri Kylian and Gerald Arpine Kennedy Center (254 3770). ITALY Turin: Teatro Regis: Fidelio conducted

by Milan Horvat (548000). Rome: Teatro dell'Opera: La Ceneren tola conducted by Gabriele Ferro (461 755).

industrialist and music-lover who for over two years bas been managng the fortunes of the Gran Teatro ary authority as Phanuël. del Liceo with a team of experts in music-theatre to assist him, the Liceo has been going from strength to strength. It has earned its place in the top league of present-day ioter-

year's handsome production with major cast changes. Valerie Master son, praised last year for ber genuinely French Marguerite, was suc-ceeded by the no less exquisite Mi-

Opera in Barcelona

Ossia Trilling

Since it opeoed in October, the season has been notable for three rella Freni, a paragon of demure innocenre, whose big numbers stopped the show time and agaio An outstanding inaugural producfor what seemed like never-ending

tion of Cormen, featured José Car-reras and Elena Obratsova as the applause. The Catalonian tenor Jaime Aragall (Jaume, in the Cataltragic lovers. Alida Ferrarina, from an cast-list) was replaced by that Milan, replaced an indisposed Cynother show-stopping artist, Alfredo thia Buchan as Micaela on the Kraus. opening night without prior rehearsal or any noticeable vocal or histri-

Though this veteran sioger's voice occasionally showed its age, there was nothing amiss in his pow-Verdi's Folsioff was made memers of characterisation, whether as orable by the directing and designan ageing medieval doctor of philosing debuts in an opera bouse of the opby, or an ardent young studeol two Catalonians, Lluis Pasoual and on the make. Justino Diaz, a Catalo Fabia Puigserver, and by Thomas Allen's internationally famed comic nian like the remaining singers made a compelling, terrifying Mephistopheles.

Masseoet's little-known Herodi-Romano Gandolfi, promoted to nde iouod Montserrat Caballe, resident conductor after wioning Barcelona's own virtuoso soprano, his spurs as a proficient chorus in fine vocal lettle and a perfect partner to José Carreras's John the master, proved to be equally reli-Baptist. She gave a vibrant perforable when in charge of soloists and mance as Salome that fully justified orchestra. He maintained an easythe roars of applause at the end. flowing balance, while giving the Another native, Joan Pons, recently principals their bead. The some-

Under the enlightened guidance promoted from the chorus, made as what muted Siebel was another of Sr Lluis Portabella, the banker, riveting a Herod as be bad been a local girl, Carmen (Carmé in Catalriveting a Herod as be bad been a local girl, Carmen (Carmé in Catal-Falstaff, while Roderick Kennedy, an) Hernández. The audience had no qualms from Britain, sang with his custom

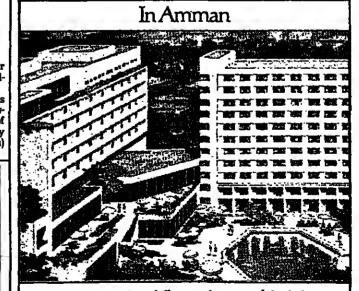
about Giuseppe de Tomasi's stylis-tic concept, that of placing each of The Liceo's latest offering was the five acts in a different century Gounod's Fnust, a revival of last with costumes (by Arrigo, of Milan)



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FINANCIAL TIMES

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Tuesday February 21 1984

A dialogue on foreign debt

THE CURRENT visit of Dr seen by some as the keenest for Luis Valencia, the Foreign radical action, should now be Minister of Ecuador, to western the messenger of Latin Ameri-Europe signifies something of a can moderation.) truce in the war of nerves which has heen going on for the

10

past two years between the credilor countries of the developed world and the Latin American nations which owe them more than \$300bn (2006bn) them 1 (£206bn),

Dr Valencia, who saw Mrs Thatcher yesterday, arrived to formally present to the western European governments the results of last mooth's Latin American economic summit meeting in the Ecuadorean capital. The presidents and senior ministers who met in Quito agreed on a seriea of measures designed to mitigate the effects of the world reces-sion on their individual economies. These measures are based on increasing trade and

Radical moves

The attitudes adopted by the countries represented in Quito towards foreign debt questions were more significant. They registered the fact that they were unwilling to expend so much of their limited stocks of foreign exchange on servicing their debt that their essential services and industries were deprived of the cash for essential imports. They called for a reduction in interest rates and in the charges levied by creditor banks for rescheduling, and for a stretching of maturities where these threatened to present potential major problems for borrowers. Not least importantly, they sought further reductions in tariff and non-tariff barriers to their

exports. What they dld not set up was a "debtors' club " or cartel of borrowers that would seek to oblige creditor countries to extend them better terms under the threat of unilateral repudiation of debt by the Latin American states. In short the Quito meeting opted for dialogue rather than confrontation. This is the message that Dr. Valencia bas been bearing to the leaders of western Europe

The Latin Americans—or at of lending banks, open markets least the majority of larger bor-rowers among them—realise and steps by the U.S. to bring that the dislocation that would down the global level of be caused in the International interest rates. If Dr Valencla's

Best interests

regional co-operation.

debt this month.

financial markets by any radi-cal moves to repudiate debt or willingness to compromise on declare a unilateral moratorium these points, and serves to bury course became politically attrac-

For their part the lenders have been increasingly aware that it is no good flogging, if not a dead horse, a horse that shows some signs of expiring. Margins and commissions for rescheduling have been shaded a little. In its recent report on Central America the com-mission headed by Dr Henry Kiesinger made specific refermission headen by Dr henry Kissinger made specific refer-ence to the importance of this development wheo it said, "The U.S. and the government of other creditor countries should urge private lenders, especially commercial banks, to renego-tiate existing deht at the lowest possible interest rates." The banks are doing so not because of official exhortation, but

Hong Kong's present mone-tary system, introduced in October 1983, pegs the value of the Hong Kong dollar to the U.S. of official exhortation, but because they increasingly per-ceive it to be in their best interests to do so. Both sides, borrowers and ienders, are therefore showing signs of retreating from the brink on which they seemed to be poised uncomfortably last sear dollar, and relates money supply growth automatically to the territory's halance of payments. Hong Kong has no central hank. The mechanics of hanknote issue are handled by two large private sector banks, and supervisory duties are discharged by the Commissioner of Banking, a

trade.

be shaken by a change of sovereignty must be secured as

far as possible before that change occurs. Joint Sino-British

working parties are already, as an adjunct to the Peking talks, examining key elements of Hong Kong's economy and society including the currency. legal system, civil service, and the territory's provide

the territory's position in world

uncomfortably last year. No one involved in the enorcivil servant. mous and delicate question of There is no apparent inherent Latin America's foreign debt can afford to become romreason why such a system should he undermined by a change of sovereignty, proriding that other conditions are stable. A placent about the dangers which still he shead. While Brazil aod Peru have in recent political panic in Hong Koog would tend to provoke a flight weeks come to some Interim arrangements about their foreign debt, Argentina bas yet to come to terms with the into cash, creating a crisis analogous to a run on an indivi-dual bank, Interoational Monetary Fund and its commercial banking creditors. For its part Bolivia Exchange controls while it owes comparatively might provoke little to its creditors, now appears to bave almost intractshort-term panic able problems in servicing its

Open markets

By 1997, Hong Kong's senior financial civil service jobs-Fioancial Secretary, Secretaries of Monetary and Economic Affairs, Banking Commissioner --will presumably have passed from expatriate to local hands. "Autonomy" for such officials after 1997 would mean, for instance, the management of the currency reserves, said to be HK\$60hn, which Hong Kong holds to back its banknotes and Nevertbeless 1984 has started with a greater display of flexibility and mutual comprehen-sion than could bave been boped for a year ago. The most probable way out of the debt impasse must combine a number. of . elements—economic. adjustment hy borrowers, en-lightened self-denial on the part of lending banks, open markets holds to back its banknotes and the control of local exchange and interest rates. It would also mean the freedom, if so desired, to resist the introduction of exchange con-

THE ISSUE of who runs Hong Kong after 1997 Hong Kong under the

Hong Kong after 1997 appears to have heen at least partially resolved: It will not he Britain. While no for-mal agreement can be reached without Government ratification. the Sino-British negotialions over Hong Kong's future which anter their minth round in Chinese flag enter their ninth round in Peking this week are proceeding on the assumption that when Britain's lease over most of the territory expires in 13 years' lime, Britain will cease to have an authoritative role in its administration. China has informally promised that, for 50 years after 1997, Hong Kong will have administra-tive autonomy to maintain its present capitalist way of life under a government romposed The problems of local people. Britain and China are now discussing the commitments which will be needed on China's part to maxi-Marx and mise the possibility that Hong Kong's promised autonomy works in practice, and to mainworks in practice, and to main tain the support and confidence of the territory's citizens and investors in the meantime. If the Impact of 1997 is to have a minimally disruptive effect, institutions which would the market

> Robert Cottrell reports from Hong Kong on the practical difficulties involved in any transition from British

to Chinese rule

cover the role of those Peking officials who are already in the

Kong economy are in its export-oriented manufacturing sector, almost balf of which comprises Kong economy are in its export-oriented manufacturing sector, almost balf of which comprises textile and garment makers. The life-blood of the garment-makers is the system of quotas by which Hong Kong knows what volume of its goods it may ship to developed countries, mainly the U.S. and the EEC. These quot₃s are allocated under the Multi-Fibre Arrange-ment (MFA), a framework for bilateral discussions between exporters and importers. The interval discussions between exporters and importers. The interval discussions between the source of the garment would be for Hong fuctualing land sales revenue exporters and importers. The present would be for Hong fuctualing land sales revenue the present would be for Hong fuctualing land sales revenue the present would be for Hong fuctualing land sales revenue the present would be for Hong fuctualing land sales revenue the present would be for Hong fuctualing land sales revenue the present would be for Hong fuctualing land sales revenue

owned hy Peking and operates and Trade (Gatt), an inter-Hoog Kong's second-largest national agreement which banking group. Will the Bank governs the principles of world of China expect to assume some trade and which can hear of China expect to assume some trade and which can hear central banking functions in appeals against irregular import Hong Kong? Will Hong Kong financial bureaucrats outrank Peking's state bankers? Chinese officials have said that they do not plan to send it were independent. Cbina is a administrators from Peking to Signatory to the MFA, but not

exporters and importers. The Kong to assume formal to provide sufficient funds for MFA is a function of the economic independence in the the Government to maintain a General Agreement on Tariffs eyes of Gatt and MFA signa- high standard of physical infra-

Hong Kong issue with Chinese leaders. In the early stages of the



tories before the transition to

This may not be easy. Many

sovereignty in 1997.

Supporters of democracy for Hong Kong believe that an

Financial Times Tuesday February 21 1984

autonomy. While elected rulers may not always be efficient or even able, they are at least more responsive to local wishes than rulers whn owe their jobs m being Peking placemen or sycophants.

The contrary argument is that Peking can run Hong Kong however it chooses. If autonomy is proffered, the way for Hong Kong in preserve such special status is to be politically inactive, minimising the possihillty of giving offence or embarrassment to Peking: better Peking placemen than provocateurs inviting a clampdown.

Britaln seems in have decided to seek a gradual democratisa tion of Hong Kong, working upwards from an expansion of elected places on local "district towards elected places boards on the Legislative Council."

The Hong Kong Government is, meanwhile, moving towards filling its top civil service jobs with local instead of expatriate candidates. In a parliamentary-siyle Democratic system, cletted Ministers would do jobs-which Hong Kong's most senior civil servants and Executive Councillors do now. But whether democracy can go quite so far in Hong Kong depends more on China than on Britain.

Britain may welt consider democracy in government and the preservation of a Western legal system as the best guarantees of civil rights for Hong Kong people under Chinese sovereignly. China seems less concerned about the origins of Hong. Kong's legal system than that the territory should cease looking to the Privy Council in London as its final court of appeal.

If Hong Kong is to house its If Hong Kong is to house its own final court of appeal, some local lawyers believe such a move should be made sooner rather than later, to provide a "transitional " period under British sovereignty. Prior to 1997, a five-man appeal court could include a minority of perhaps two visiting English Law Lords, providing the tie of experience with a pareni legal system. The continnation of auch a link after 1997 would depend on whether China felt depend on whether China felt

express their views. Hong Kong today has no effec-tive democracy. Power is vested in the Governor, who defers to **Minimising the possibility of** two main councils of appointees giving offence

judicial co-operation comprom-,

Britain and China have a portfolio of other problems to consider. If the Honk Kong Government is to continue as a legal entity, it can presumably start sub-leasing New Territories property in its own name to beyond 1997, once the pre-liminary Sino-British agreement has been reached. But what of the leases of up to 999 years issued by Britain to property owners on Hong Kong Island? Will they run their course?

China's goodwill is necessary to Hong Kong's future well-being, but goodwill alone is and Hong Kong are at opposite poles of the social and economid spectrum; should the territory opt for conservation, liberallsm, socialism-or Marxism? For cosmopolitanism or nationalism? The individual or the state? The choices are immense and the pledges which China gives to Hong Kong will have to paper over not cracks but chasms.

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elected government is the best guarantee of the territory's THE NEW ROUND OF SINO-BRITISH TALKS

tion" for Hong. Kong, enshrining the territory's rights to maintain its present helped to bnoy up the local stock market. This week's round of talks way of life. It seems, how-ever, that this document may

Kong.

would do them little good. (It last year's thoughts of confron-is ironic that a minister from tation it will not bave heen in Ecuador, a country which was

Computers and privacy

IN 1984, many people are afraid set out in the Bill of computers—especially those This could put a b of the State—and with good on both the t reason. Computera can analyse, the collate and process personal in-formation at a speed which himself exactly which rules makes their threat to Individual to follow in order to comply privacy of a completely different order from that posed hy paper registrar had to assess every one records. They can perform of these on its own merit. tasks in seconds which it would take many peopte many weeks **Codes of practice** to do.

For this reason, the UK has long needed a law which requires the users of computerised information about people to disclose who they are and what they do, and to deal fairly and bonestly with the data they hold. But the Data Protection Bill, now on its way through Parliament, is also vital to trade and industry because it will enable Britain to ratify the Council of Europe's Convention on Data Protection. If it is not ratified, other countries could restrict the flows of information acrosa the UK's borders—an action which could prove very painful to industry, commerce and the City.

Principles

The Bill has had a chequered Bill, or any power for the career in Parliament, Because of registrar to approve them. the last election, it has twice A second cause for concern been through the House of is the fact that the Bill insists Lords, and it has recently had on universal registration of all its second Second Reading in systems at the same time. Tens the Commons. Curiously, it has of thousands of users will therethe Commons. Curiously, it has so far generated little public interest

various amendments on the way; notably one which puts the immigration authorities under the same constraints as other data users. But now that the Bill is in its committee stage, the Government has an ideal opportunity to accept two more amendments which would make the proposals more effective and both easier and cheaper for users to comply with.

As the proposals now stand, companies which hold information on computers (other than tion on computers (other than pure payroll and accounting data) will all bave to regis-ter with a Data Protec-tion Registrar. He is then supposed to look at each application, and decide wbether It will comply with the eight that is surely something that "data protection principles" no one wants.

This could put a huge burden on both the users and the registrar — if each to follow in order to comply with the principles and the

The Lindop Committee, which reported on all this in 1978, found that there were only about 35 main categories of comabout 35 main categories of com-puterised uses of personal information. It therefore pro-posed that professional bodies, trsde associations and groups of similar users should between them draw up standard 'codes of practice' for those categories which they could then all follow

which they could then all follow. The registrar could approve tbose codes and automatically register everyone who agreed to operate under them, saving hoth bimself and the usera a vast amount of time and money. The Government's White Paper of 1982 accepted the idea of codes of practice, but there is still no mention of them in the

still no mention of them in the

o far generated little public fore all have to register together, leaving the registrar The Government has accepted and his 20 staff swamped with applications.

Either they will build up a huge backlog, or they will have to accept registrations without examining their merits. Neither is efficient, and both are undesirable.

Sequence

The obvious solution is to phase registration, by dividing the users into classes and calling in different categories at different times. The sequence different times. The sequence could be chosen by the Secre-tary of State, or by the registrar. Both these amendments are being proposed in the committee hearings. Without them, the excellent intentions of the Bill could be largely frustrated, and that is coupling commissions. THE TWO days of talks between Britain and China, due to begin tomorrow in Peking, mark the ninth round of formal Sino-British meet-ing on the future of Hong Kong since the series began last Jury.

Morpeth's final

Sir Donglas Morpeth, commit-

tee-man extraordinary and champion of the accountancy establishment's fight for infla-

tion-proof numbers under the

SSAP 16 banner, yesterday an-nounced his retirement as chair-

man of accountants, Touche

Morpeth. who is also leaving the council of the Institute of

Chartered Accountants in June, says he is looking forward to

enjoying a few more long week-

He "wouldn't even like to

hazard a guess how many "

committees he has sat on over the last quarter of a century since his firm set bim "on the Institute path." And he seents unlikely to be headed for a lonely retirement after he quits Touche in April next year

Inflation accounting is one cause he has no intention of

Succeeding Morpeth as chair-

man at Touche will be Doug Baker-a partner with not a

single seat on any external com-

mittee and with a disarming

modesty about bis own "spec-

Touche in Aprit next year.

ings into industry.

account

ends.

tive to Peking as a means of stemming any capital outflows. Most analysis believe exchange While no official timetable for talks has ever been acknowledged by Britain, China has repeatedly indi-cated that it would like to see cootrols in Hong Kong would provoke short-term panic, and loog-term deterioration in an economy which derives lts strength from lts openness. at least a preliminary agree-ment reached hy September ment reached by September this year-cxactly two years after Mrs Thatcher, the British Prime Minister, visited Peking and raised the This autonomy will depend largely on the role assumed by the Bank of China, which is

licer its ie se over the territory expires in 1997. Following China's uncompromising opposition to such a plan, Britain has in recent months been concentrating on clarifying China's own scheme for an autonomous

Hong Kong under Peking sovereignty after 1997. China has said that it wili publish a "mini-constitu-

talks, Britain is thought to have been seeking an exten-sion of its administrative authority in Hong Kong even earner Chinese officials. Hong Kong today is a less

jittery place than it was a year ago, perhaps because of increased confidence that, at least. It will be another 13 years before China makes Its move. Hopes that the talks may soon produce a positive-sounding statement have

be some years in preparatioo, rather than the months which

Sir Richard Evans, the British amiassador to Peking; and Mr Richard Luce, Foreign Office minister responsible for Hong Kong, who is visiting the territory. Sir Richard lead's Britain's delegation at the talks. He took over the position from Sir Percy Cradock, his predecessor as ambassador, at the New Year.

will be followed by a British

"summit" in Hong Kong

between Slr Edward Youde,

structure, but not to attempt a

British-style welfare state. China has shown itself appre-ciative of low tax rates in the

regulations drawn up for its "special eronomic zones," designed to attract foreign investors into Southern China's

Guangdong province. Corporate tax in the Shenzhen zone is, at 15 per cent, lower than in Hong

Hong Kong citizens are gene-

rally assumed to like low taxes and low social welfare, but

whether this situation will pre-vall after 1997 depends not only

on what they want, but also on the means available for them to

tacularly uninteresting " role as the firm's managing partner for

the last nine years. Mike Blackburn, who became a partner on the same day as Baker in 1960, will succeed him as managing partner. The two men will he taking their close professional relationship a stage further new hy shouldering to further now by shouldering to-gether the burden of the public

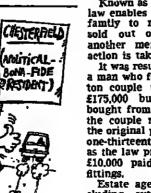
roles always carried by Morpeth in the past—though neither seems incliced to accept quite so public a profile. Perhaps SSAP 16's late and not-so-lamented demise has not

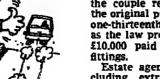
proved quite the right induce-ment to follow the old soldier's

taking up again, hut he already has a number of other chairs to House rules occupy all over the City and will look with interest at any open-

lead

While UK sollcitors seem likely to lose some conveyancing fees. Guernsey estate agents have been keeping local lawyers busy drafting a new clause to house conveyances hecause of an ancient and almost forgotten island law. Known as retrait lignager, the





Estate agents are hastily in-cluding extra guarantees in contracts, while the counle's wood, begins a campaign to get the old law abolished. "It was

Men & Matters

THE legal documents which have piled up as a result of the

battle for control of the York-shire brewers T and R Theakstoo are already as thick as a volume of War and Peace, says Paul Theakston, chairman of the

beleaguered company. Actions arising from the dispute over the hrewera of Old Peculiar beer are due to be heard in the High Court on April 9 with ten days provision-ally set aside for the bearings.

Theakston's problems started when Michael Ahrahams, best-known for having revitalised AW (Securities), the carpets group, in the 1960s, attempted to acquire a large hlock of shares.

Paul Theakston headed a search for a bidder more con-genial to his board. He found Matthew Brown, a brewer on the Lancashire side of the Pen-

hy a counter-hld from William

Thomas, Theakston's managing director, and Micbael Theakston, another director and cousin of Paul.

to reach sn amicable agreement out of court-so the lawyers have been called in to decide who is entitled to various hlocks **Dog's life** of abares.

The Theakston directors are wisbing they bad stuck to brew-ing. "It's got to a pitch where it has gone over the board's head." said Thomas yesterday. Guersney lawyer. Peter Har- "It is becoming extremely expensive."

the old law abolished." It was "The whole thing is extremely abolished some years ago in unfortunate," says Paul Tbeak-Jersev." he says. "There is no justification for such a law in the 20th century." would not bave come to this."

Market bound

Radiant with satisfaction, Heinz Nixdorf, West Germany's com-puter and electronics entrepreneur, yesterday announced the long-awaited news that his company was going for a stock market listing.

Now an energetic 58-year-old, Nixdorf was entitled to feel pleased at reaching this mile-stone in what has been a long, uphill struggle.

In the elegant surroundings of a Frankfurt hotel, he recalled bow he started his husiness career in the same city more than 30 years ago. He had been studying physics at Frankfurt university but decided to go into business on his own. He had plenty of ideas but no money. "My first customer financed my first operation," he reminisced.

Times bave changed. Nixdorf was flanked yesterday not only by his own executives hut also by Dr Wilbelm Christians, joint head of Deutsche Bank, West Germany's largest bank, which has been carefully souther has been carefully squiring Nixdorf towards a stock market launch.

Nixdorf has never forgotten bia modest origins, and has an attachment to his home town of Paderborn which is apt to cause nines. But Matthew Brown's a short circuit in more A plans were in turn thwarted oriented computer buffs. short circuit in more Munich-

Grant and Sons, distillers of Gleofiddich whisky. Grant was backed by Gerry Thomas. Theakston's managing He lusists he is not a man who

What about early retirement? He reels back at the thought. His executives are an able team, The warring bidders and the *he* assures me. But the elec-divided board bave been unable tronics game still brings a to reach an amicable agreement fascinated glint to his eye.

Ooly natural for a farmer to enliven his speeches with some animal imagery. Farming News picked up this quote from a Nor-folk farmer at last week's NFU anoual meeting: "The union is like the three wise monkeys, aee no evil, hear no evil, speak no evil. In the pig world, it is dog eat dog."

Observer

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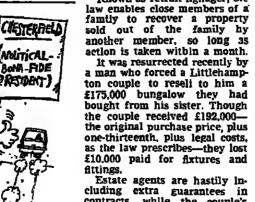
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R J HOARE



Letters to the Editor

Apprentices and education-the British and German systems

From Mr D. Wooler

-3. A. L. C.

> Sir,--Your education corres-pondent's article (February 10) must have disquieted many readers here in Germany with first-band experience of the system which be seemed to imply is one Britain also needs. He spoke to civil servants in Bonn and teachers elsewhere too, but the views expressed are certainly not those of most children, parents and employers who live with the German

It is right to bave stressed the role of the broadly based and well structured German apprenticeship schemes, though most personnel managers know that today's high percentage of "qualifiers" for such apprenticeships are primarily due to a horrifying lowering of stan-dards, whereby employers reject vast numbers of "qnaliapplicants who cannot write the simplest sentences, do very basic arithmetic, or speak understandahly. The true benefits for the community stem not from schools' education of OF DOL. from schools education of pupils to so-called "qualifica-tion" standards, but are found In the apprentice schemes themselves which systematically turn out trained employees in so many widely differing career directions not generally re-garded in Britain as even being worthy of an apprenticeship. What your correspondent calls a "balanced curriculum" in German schools is an illusion. Politically based regional interpretatious in the "Laender" negate many theoretical benefits, and all too frequently poor school management and teacher indifference the rest. The ques-tion of teacher attitude and tha resultant teacher/pupil relation-Ship is a key weakness in the German system and is today so widely acknowledged by "recipients" as to have war-"recipients" as to have war-ranted a mention in the by successes their pupils article. achieve)." All too many Ger-Two major facts lle at the man teachers stand opposite base of the prohlem. Teachers, and against the pupils' interests

centralised examination board free from personal prejudices.

Pigeons come home to roost

From Mr D. Harley robber, in the pay of the police, who brings his associates into Sir .--- I was pleased that your Parliamentary report (February a trap laid for them." Although the term is now applied more generally to informers, on occa-15), unlike those of other newspapers, recorded Michael Meacher's picturesque use of the phrase "stool pigeon." Un-fortunately, his meaning rethe poor can have become "the stool pigeons for the next round mains obscure, as is often the case when politicians attempt to of Government handouts to the rich." Surely Mr Meacher Is render their prose more colonr-

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1.1.1

Originally an expression used David Harley. by American pigeon sbooters. St John's Gollege, the figurative sense was defined Oxford.

Implications of a tax decision



after prohation, are nsually in a structure where they bave appointed as civil servants the roles of investigator, juror, ("Beamter") for life--ie, life-long job security virtually and fearful teenager can tell. regardless of performance (speak to a few headmasters in Germany on the issue of trying to jud the children of chronic, minority and neglecting the to just furthering the scholarly minority and neglecting the to rid the children of chronically incompetent or "un-balanced" teachers). To all intents and purposes it is the teacher who decides whether a German pupil has a pass grade or not less academic is both morally correct_and_makes_economic sense. Here the German appren-tice training structure only made viable on such a broad basis by paying appreciably lower wages during the three years training, a fact which

There is hardly a parent or child who has not suffered from some teacher's lack of objec-tivity, "ohrigkeltsgefueh!" and most English trade nmonists find abborrent-makes a major sheer prejudice. Regardless of contribution. In Germany a very large number of us feel the secondary school system does the issue of competitive v benchmark standards, German children dream of the generally objective British school examinot. D. A. Wooler. nation system, whereby stan-dardised tests are evaluated by

Im Kamp 3. D-5068 Odenthal, W Germany.

From Mr G. Odgers These differences in the prin-Sir,-I am an Englishman, an ciples applied in the two coun-tries are key. As a 19 year old engineer, and I have lived and worked in Germany for 18 years now. I agree wholebeartedly with your excellent article from Hamhurg recently wrote after spending some time at school in Britain: "The British system aims to get teachers and of Fehruary 10. Skilled people-mannal and office workers - are better trained than in Britain and their knowledge of their own lanpupils on the same side of the fence, working jointly to achieve the same goal (whereby guage and its grammar is also better.

A friend of mine of 20 years Konstantin Schweinitz, ago - a Canadian electronic 71 Elm Park Gardens, SW10.

The Excise duty on drinks

From the Ghairmon, Information Gommittee. Scotch Whisky Association Sir,-Yon report (February of hrands selling al lower 14) a Parliamentary written prices. The total tax content answer in which the Treasury seeks to demonstrate that "in

Excise duty on a measure of real terms" changes in the structure of excise duty over recent years have favoured Scotch whisky (and other spirits) at the expense of beer It is also 53 per cent greater and light wine. Such selective than the duty levied on a glass information does scant justice of imported table wine, which to spirits drinkers, for whom also contains the same amount the only reality is the amount of alcohol. This discrimina-Sir,—I believe the decision in Furniss v Dawson has even pro-to the law. Tax is nowadays cations than those mentioned by the correspondents in maning and new which they have to pay in the shops and the large proportion of the retail price which tax represents. When looked at on this basis can it really be said

engineer who worked for Siemens in Berlin at that time said the technical knowledge of the German electronic engineers was so much better than his BRITAIN'S ELECTRONICS and

that it embarrassed him at times. But, he said, he had a telecommunications industries —one of the Government's chosen vehicles for industrial feeling his work was better than theirs! Although the German work-

shops and their staff have much to teach us their technical office organisation leaves much to be desired. Their staff are not creative (creativity is not sought), they are sometimes irresponsible and inclined to play about when the boss is not

The attitude of the boss to a new technical man in Britain is, "let's find out what be can do." In Germany it is, "Er mnb sich erst einarbeiten " (be must learn our merbede fort) learn our methods first). G. Odgers. Martinistr. 8/10,

2800 Bremen 1, Germany.

From K. Graf von Schweinitz Sir,-Further to your article on Britisb and German education

(February 10) may 1 make the following observation. Having been educated for seven years in Germany, and for eight in Britain, It struck me that German schools (in contrast to British ones) focus very beavily on accumulating a

diverse knowledge base rather than developing the powers of reasoning, thought and above all presentation. Similarly at university level, German employers prefer students with practical degrees such as economics and law, rather than general ones such as history and

English. From an entirely personal experience the German approach, although it may result in a better preparation for working life, is not as stimulating and rewarding as the British one which seems to encourage individual academic Interests.

recovery-face a serious ahortage of skilled ataff which could limit their growth. A wide range of large and small companies are finding it increasingly difficult to get exherienced electronics specialists. And over the next two years a sharp rise in demand for such key personnel is expected. Yet because of the cuts in higher

education the signs are that this extra demand will coincide with a fall in the number of with a fall in the number of electronics and electrical engineering graduates from the universities. Hewlett-Packard was the lalast company to ring alarm bells, just last week. Plessey, one of Britain's leading electronics companies, bas for the first time recently been forced to send recruiters to Australia and New Zealand to try to find people for its LIK

to try to find people for its UK operations.

The company, which believes it could use another 700 graduates in the electronics and other numerate disciplines to hring its total to around 7,000, is also starting to advertise in Belgium and the Netherlands for staff, "Not only do we think tha situation of skill shortages

will get worse; it threatens to hecome the major limiting factor in our growth," says Mr Parry Rogers, Plessey's personnel director. Smatler companies which can

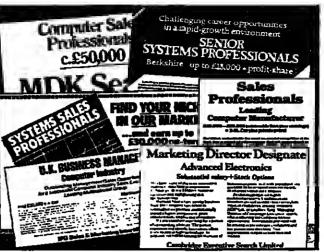
move faster on pay and con-ditions are already responding to the pressure in the market. There are reports of guaranteed bonuses, quarterly salary reviews — and even the Californian practice of "up-front" honuses or "golden helloes" appear to have arrived In the M3-M4 electronics triangle to the west of London, Head hunters are stalking the land looking for hardware and

software engineers, systems analysts, computer aided design and telecommunications managers. In the glossy pages of the computer press £20K-as it is invariably styled—plus car is not out of the ordinary for a good project leader. (The going rate is double that for someone with a technical background and a reputation for

UK Electronics Industry

The jobs they can't fill

By Raymond Snoddy



graduates fresh from university between the supply and demand are holding out for-and get-ting-between £9,000 and for advanced computer skills is in the making. According to Mr Alan Gordon, a research fetlow at the Institute, the number of elac-

ting-between £9,000 and £9,500 from the smaller companies. Larger companies are tending to lose out because their more rigid pay scales make it bard for them to pay more than between £7,000 and £7.500 a year. The average new graduate salary is around below 2,000 in 1985. £6.000.

Eighteen months ago Mr John Massey, managing director of Sigma Electronic Systems, specialists in graphic display peripherals, was paying graduate engineers aged graduate engineers aged between 25 and 35 up to £13,000. Now the range is £11,000-£18.000 and he's having the greatest difficulty getting the

software engineers be needs. In work under Alvey and Esprit (a similar EEG initiative) that there is going to be a large increase in recruitment this year," Mr Oakley says, six months he has lost eight recruits before they even arrived. Staff have heen offered a £500 tax free bonus for suitable introductions to He believes that the UK elechelp the company's expansion tronics industry will grow at the rate of 20 per cent a year, plans.

At Istel, a systems house employing 1,000 people Mr John Leighfield, the managing director, says the range of salaries for telecommunications managers, who design and supervise the installation of voice and data communications, is the widest he can remember --from £17,500 to £35,000. The situation is likely to get worse.

says Mr Oakley.

recruit," Mr Oakley adds.

.....

jects — sometimes even arts subjects. The number will rise to nearly 1,000 this year. "It will help hut there is just not enough," says Mr Oakley, And although the first such graduates have been well received in industry it is too early to say whether a one-year crash course

11

goes deepty enough. "One infuriating thing is that we have people wanting to study these subjects," says Mr Oakley. Two Open University courses on computing each attracted more than 4,000 applicants-double the number that could be accepted.

Companies are increasingly having to think of self help. Major companies in the industry Major companies in the industry have already tried—and faited —to reach agreement on a moralorium to prevent "poach-ing" of employees. But out of this impasse has come an initia-tive by companies such as GEC, Plessey and Racal to see whether they can devise new forms of joint in-house training. Under the aegis of the Alvey directorate Professor John Sparks is to be seconded for

tronics and electrical engineer Sparks is to be seconded for three months from the Open University to sec whether "short sharp" courses can he devised for electronics using the ing graduates roming from UK universities will rise slighlly this year to 2,124 before falling expertise that OU has pioneered Mr Brian Oakley who heads for "distance teaching,"

the Alvey Directorate—the organisation set up by the Government to administer joint If the shortage of skilled people becomes really acute It could also pose question marks about Britain's appeal as a industry projects on the next generation of advanced com-European base for U.S. and Japanese advanced electronics paters-is convinced the situa-tion is serious. companies. Apart from access to the EEC market the quality " There is clear evidence that because of the resurgence of of staff has been Britain's main industry and the amount of new attraction.

Last weekend Mr David Bald-win. UK managing director of Hewlett - Packard, the U.S. microelectronics company warned that not enough talented company

youngsters were being attracted to the industry. He was speaking as the com-pany announced it was increascrealing a need for 8 per cent ing employment at a plaot near more new graduates a year. "Where the hell are those gra-Edinburgb from 800 to 1,500 hy 1988-part of a Hewlett-Packard duates going to rome from?" plan to take on about 500 more people a year for the next five

"We are facing an extremely serious situation where the growth of the industry will be limited by the people they can

years in the UK as a whole. The Government and indus-trial training efforts, he belleves, is bopelessly fragmented. "There is no A recent issue of Computing Sussex has warned the govern-magazine carried 63 pages of ment in a series of studies for completed masters' degrees in and no sense of strategic objec-appointment advertisements at the Department of Employment electronics even though their tives being set" and here the set and here there the set and here the set a

basis, tax accounts for 78 per cent of the cost of a bottle retailing at £7 and an even greater proportion of the price on a typical pint of beer amounts to 38 per cent.

Scotch whisky is more than double that paid on quantities of beer or vermouth which con-tain the same amount of alcohol.

competition and the fair and

logical way to tax them is to

base the tax system on the

cations than those mentioned by the correspondents in your

pages. The transactions with which the case was concerned occurred in 1971 at a time when the new doctrine of "substance over form " was unknown to tax law in the UK. Now, 13 years later, the taxpayer suffers what has all the appearance of retrospec-tive legislation imposed hy the Lords, without any reference to the Commons. 1s this constitu-

Of more general concern is Lords. It is to be hoped that the fact that the interpretation at the least the Revenue will of tax law has been thrown into now provide proper machinery the melting pot. Scarman L. J. states that " the law in this area is in an early stage of development." This approach is far N. M. Chisholm. removed from the real world 22, Comlet Way, of business where tax law can- Barnet, Herts.

Importance of Antarctica

From Mr J. White

staff. In November, 1983, five Sir,-Robert Graham's most ships left Leningrad and Vladiinteresting article (Fehruary 16) emphasises the potential vostock carrying what was des-cribed as "thousands nf tonnes importance of the Antarctic con-tinent. This fact is realised by the Soviet Union, perhaps more of equipment and supplies." The research ship "Professor so than by any nther nation. the Baltic Fleet, bas been The large-scala 28th Antarctic onerating in Antarctic waters. expedition began in October. The personnel of the atations 1982, and the 29th exactly a year includes besides Soviet sitters Cuhans, East Germans, and Mon-

There are now seven permangollans. ently manned Soviet bases in Antarctica, five of which have alrstrips. II-18D sircraft fly a ent Antarctic stallon, the H. Arctowski. The Argentinian stations in the Antartic are all manned permanently by armed forces personnel with military commandera. more or less regular service Leningrad / Moscow - Odessa -Aden-Maputo in the airfield at Molodezhnaya. Some of the air-strips have helicopters and light John Baker White.

aircraft attached to them. John I Some 630 people, nf whom Street 340 are scientists, are taking Street part in the 1983-84 expdition Conten plus the permanent maintenance Kent. Street End Place, Street End, Canterbury.

planning and any uncertainty thrown into this process must be detrimental to business and that spirit drinkers are getting a fair deal?

by Bartlett in 1859: "a decoy

aion, it is difficult to see how

adding insult to injury.

In considering tax on alco-holic drinks, It is necessary to is to be deplored. consider the total tax content alcohol content of each drink. as value added tax is levied Only then will the taxation of The decision Inevitably puts greater discretion into the arms of the Inland Revenne. In on the duty paid price. Thus tax on a bottle of Scotch whisky selling at £7.25 consists of £4.56 Donald Machinar future the Revenue will only have to shout "Foul" Irres-pective of what the "rule hook" says and the taxpayer must excise duty and 95p VAT which together represents 76 per cent The Scotch Whisky Association, of the retail price. On the same 17, Half Moon Street, WL. elther acqulesce or incur the cost in time and money of fight-ing his case to the House of Academics and industry now provide proper machinery to enable rulings to be given

Poland maintains a perman-

In advance of the event as is familiar in the U.S. From Mr D. Goch munication has ranked low Sir,-Mr T. Smith (February down in the rankings of desir-From Mr D. Goch

15) rightly draws attention to the lack of practical business experience of some husiness academics as being a significant factor when judging the lack-lustre performance of the majnr institutions since their foundation in the 1960s.

able qualities and the writings of many of the more eminent and "respected" academics have been virtually incompre-hensible to the husinessman in the street. We have reached the ludicrous situation where some academics communicate uniy with each other through their esoteric writings and their

Donald Machiniay.

From the outset it has contribution to business educa-appeared to the outsider that tion in its wider context despite their initial intentions of being completely free from the influences of the established universities and their academic traditious, things have not quite

traditious, things have not quite worked out as they planned. people of the quality of the When the first appointments came in be made, those with "good academic records" tended in head the short lists and salary scales and the other trappings of academic life were likewise geared to the custo late Professor Ronald Edwards. His self-confessed objective of building bridges between the business and academic worlds was advanced in a practical fashion hy bis work at the LSE tlkewise geared to the custo. fashion hy bis work at the LSE mary norms of "Oxbridgia." and his experience at Beecbams In time, of course, career and with other major indus-

trial organisations.

advancement appeared to come trial organisations. to depend on the traditional academic criteria of research and a flow of publisbed wurk. 4. Paddock Wood, Regrettably, the art of com- Harpenden, Herts.

Toxicological implausibility and herbicides in Brazil

From the Public Affairs Department, Dow Gnemical Go.

Sir.—The article filed in Rio de Janeiro and published in the UK on February 14 alleges that buman and animal deaths have The Dow Chemical Company Is. mica S.A. (Dow Brazil) has reached the same conclusion: the same.

have been drawn and reported ing, the National Institute for to drink more than 15 litres (= Meadowbank, in the Brazillan media have Amazon Research also analysed four gallons) of the actoal Tor- Bath Road, been based upon speculation, the supposedly contaminated don 101 spray mixture to reach Hounslow, Middx,

have been ignored. In 1982, fol- Tordon 101 is a product anything even remotely close to lowing the first animal death registered in Brazil for many it would be impossible to uses, including vegetation con- achieve in actual use. claims, four independent research institutions made treesi-gations. Those were: The Bio-heen used safely in Brazil for occurred in the northern region of Brazil as a result of the use logical Institute of the Agri- 20 years and is currently history of safe use and actual of (Tordon) herbicides. These culture Secretary in the State approved in more than 40 addi-accusations are not only un-founded but, from n toxico-logical standpoint, implausible. State University of Sao Paulo; in Brazil since 1971. There are fuel for the use for a long the state in the state approved in more than 40 addi-facts from independent studies already rompleted in Brazil, bow is totally confident that the flogical standpoint, implausible. State University of Sao Paulo; in Brazil since 1971. There are fuel four of any non-the flogical standpoint, implausible. The state University of Sao Paulo; in Brazil since 1971. There are flogical standpoint, implausible. The biose of the state University of Sao Paulo; in Brazil since 1971. There are flogical standpoint is totally confident that the flogical standpoint is total the state is independent the Ministry of Agriculture. 24 registrations of Tordon 15a blased, scientific investigation Para Office: and the Vcterinary or similar formulations ap- will show that Tordon herbicides however, deeply concerned Para Office; and the voterinary or similar formations are will snow that foruon neroticues whenever any allegations are Studies and Research Founda-made about the safety of their tion of the State of Minas Both products have an outstand-products. Therefore, Dow Out Gerals. These investigations all ing global aafety record. mina SA (Dow Brazil) has reached the same conclusion: These herbicides are classified to the contrary would be investigated these claims and Tordon poisoning was ruled out. as low to moderate in toxicity. logy profiles of the Tordon Dow is now encouraging other malnutrition and anaemia lead- city of Tordon 101 is compar- 20 years of use experience. afficial agencies in Brazil to do ing in other sub-acute and able to the toxicity of table calt found them to be unwarranted. cause of death was identified as For example, the acute oral toxi- herhicides and with more than the same. To date, conclusions which after the alleged cattle poison- son weighing 60 kg would have

not evidence. In fact, the only water. No berbicide residnes the oral acute LD-50 level. Ex-substantive data which exist were detected. posure of this magnitude or have been ignored. In 1982, fol- Tordon 101 is a product anything even remotely close to

With knowledge based on ex-

Dow Chemical Company.

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FINANCIAL TIMES

Tuesday February 21 1984

Vent-Axia The first name in unit ventilation...look for the name on the product.

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WORLD'S BIGGEST CAR MAKER ENVISAGES END OF ANNUAL WAGE RISES

GM to seek 80,000 job cuts

BY PAUL TAYLOR IN NEW YORK

GENERAL MOTORS, the world's largest car maker, will seek to cut its unionised labour force by 80,000, or a fifth, over the next three years, and to eliminate permanently annu- job if we did not do that." al wage increases in favour of a profit-sharing plan.

The proposals were contained in a leaked internal GM memo, made said vesterday that it was not surpublic by the United Autoworkers prised by the proposals, which it Union (UAW) and confirmed yester- termed "part of a negotiating strateday by the company.

The proposals also include provi-sions seeking to allow the company to hire new workers on wages and benefits lower than existing UAW ment of the likely outcome of conscales. It was contained in a memo tract talks. entitled "Actions to influence the outcome of bargaining" signed by to replace the current three-year Mr Alfred Warren, a GM vice-presi- agreement, which expires on Sepdent. He will lead the company's tember 15, with a new contract. The contract talks with the union in Ju-kisting agreement was negotiated ly when the proposals are to be dis-during the 1982 car sales slump and ly when the proposals are to be dis-

memo's existence but refused to increase. discuss details, saying it was "an in-ternal document and we have no cessions in return for a limited profplans to discuss it publicly."

BRITAIN'S TRADE in commercial

vehicles went into the red for the

siderably, leaving Britain with a

deficit sharply up from £973m In

It was only the third time that the

UK motor industry has shown a deficit on its trade - there was a

£287m surplus of imports over ex-

versely affected by the record de-

mand for cars, which sucked io im-

Holmes à

bid to lift

Court in

Last year's performance was ad-

of Ci36m (S195.8m).

1982 to £2.4bn.

ports in 1979.

ed to pay out around \$600 to each an average annual employment of But the company added: "As you GM union employee next month approach national bargaining, you consider all possible scenarios. We obviously would not be doing our The union which views the document as an inevitable first sbot in any more

the run-up to contract negotiations. The union sees the proposals as

representing more of a company "wish list" than a realistic assess-Those negotiations are designed

contract talks. eliminated, for the first time for 30 belp reduce production costs. GM yesterday confirmed the years, the annual 3 per cent wage

> rules and through the extended use It also cootained other union conof more automated labour-saving devices, GM ended last year with it-sharing scheme which is expect-

Britain's truck trade dips into deficit

463,000 hourly workers of whom Since then, the UAW has made some 50,000 have been laid off. The document lists actions "to further concessions to other U.S. contain labour costs per hour" as car makers, but, with industry profits soaring once again, the union the principal objective in the contract negotiations. To do so, GM would try to "expand profit-sharing has set itself firmly against making GM itself bas spectacularly re-turned to profitability, posting a record \$3.7bn profit last year, and it in lieu of returning" to annual wage increases and to cost-of-living payments linked to inflation.

is expected to pay heity bonuses to its executives just before the next Such a move would represent a radical change in strategy for the company. It bad previously opposed the UAW's profit sharing plans, but agreed to a limited form of profit round of negotiations begin. Mr Owen Bieber, the UAW presi-

dent, has made clear that he will opshariog in the last contract negotiaoose any further extension of union tions as a way of avoiding wage inconcessions in the next round of creases in poor years and of giving workers a stake in the company's In the document, GM says it hopes to reduce the unionised workfuture.

The document also includes a force, which totals about 310,000 to proposal to replace the three-year cycle of formal contract negotiaunder 300,000 by the eod of 1986, to Such reductions would be tions with "a continuing problem achieved through changes in work solving (living agreement).

The current average hourly wage for UAW members at GM, including benefits, is around \$22 an hour.

Pretoria close to pact with Maputo

By J. D. F. Jones in Johannesburg

SOUTH AFRICA, rapidly Iollowing-up a ceasefire agreement last week with Angola, seems to have achieved a breakthrough in relations with Mozambique, its Marx ists and economically ailing neigh-

nent

It now appears on the verge of signing what will amount to a nonaggression pact with the Govern-ment of President Samora Machel which would be a major siep to wards detente in southern Africa. South Africa's black-ruled neighbours have accused the Republic of conducting a campaign of destabli-sation in the region through alleged sabotage and support for internal disssident movemeous. Mr Pik Botha, the South African Foreign Minister, vesterday sealed a day of talks in Maouto, the Mo-

zambique capital, by concluding a meeting with President Machel with a joint communique which said that agreement had been reached on "the central principles concerning security arrangements" and that the two countries intended

can Angolan joint commission under U.S. auspices, and with promise of U.S. assistance, designed to cement the ceasefire in the war across the Angolan frontier. Angola provides bases for guerrillas for the South-west Africa Peoples' Organisations (Swapo) fighting for the independence of Namib-ia, South African forces have clashed with Angolan troops in

southero Angola. The South African team in Mapu to vesterday - the first ministerial visit since Mozambique's independence nioe years ago - also in-cluded General Magnus Malan, the Defence Minister. Mr Louis le Grange, Minister of Law and Order. and a number of senior generals For some years there have been two reciprocal complaints between the governments. South Africa says that it will not tolerate Mozambique's allowing havens or transit to members of the banned African National Congress (ANC) which plans guerrillas operations in South

THE LEX COLUMN A window opens in Frankfurt

The lamentable record of German stock markets in providing Frankfurt capital for the country's industry Commerzbank has long been a subject of criticism and coocern. Last November, for 0.0 example, the Bundesbank drew attention to the corporate sector's excessive dependence on bank lending and a string of iosolvencies provided abundant support for its argu-800 More recently, however, the momentum of new equity issues has started to build. Late last year Wel-

la, the hair care company, successfully launched itself on to the Frankfurt market and yesterday Nixdorf, the computer group, announced that it was floating 20 per cent of its overall equity. As if to un-derline the point. Metallgesell-schalt simultaneously reported sity of the Gulf war. The stock mar-ket bas heard too many cries of plans to offer for sale a minority wolf over the Strait of Hormuz in recent years. It is now deeply scep-tical that any real threat to world stake in its Karl Schmidt motor components subsidiary.

stability lucks in that vicinity. let alone one able to creep up in a mat-A few new issues hardly add up to a revolution in West German corter of days. But no fund manager is porate finance. Nixdorf first angoing to sit through a crisis in the Gulf with his portfulio underweightnounced its intention to go public several years ago and the present issuing activity may bave been in-spired more by Frankfurt's bull ed in the oils and the latest panic bas benefited most prices across market than by any sea-change in the board. thinking. Furthermore, however little cred-

Moreover, the traditional reluct-ance of German proprietors to part ibility attaches to periodic scares of with control of their businesses is this kind, they must at least afford as strongly in evidence as ever. Nixthe shares in the sector some prodorf's issue will probably capitalise the whole group at more than DM 2bn, enough to make it of real inter-est to the biggest international tection against rumours of a lower price for crude. A sharp collapse in the price, or the fear of it, is the one eventuality most likely to puncture funds. Yet, like Wella, the company the balloon in North Sea company is proceeding through the issue of non-voting preference sbares, in-struments which were put out to grass in Anglo-Saxon markets shares. With worries on that front held at bay by the Gulf crisis, the fashion for these shares might well draw fresh strength from recent exploration results as well as the prosyears ago,

But a successful Nixdorf flotation pect of a busier takeover scene as Enterprise Oil prepares to enter the might still encourage other private companies to reconsider their relationship with the banks. The stock This should perhaps encourage prospective bidders. In a sector where today's premium ratings are far removed from asset value or market has recently financed the rapid growth of several smaller companies, including Herlitz and E2000, but for size and appeal Nixcash flow, any acquisition runs the dorf overshadows them all. Japa-nese industry has managed the switch to equity finance with some risk, after all, of looking rather expensive should the North Sea fashion pass as quickly as it arrived. A little encouragement, anyway, might be timely now that the Oil Taxabon Office bas apparently de-cided – in the wake of the Forties analysis, that it can be barre affect success thanks in part to the appetite of foreign investors. In Frankfurt, net equity purchases by foreigners increased fivefold to almost DM 3bn last year, so the climate at least looks right.

ALING PAGE

ON REUTED

ruling earlier this month on the definition of tax avoidance schemes. Companies which now find themselves over-endowed with Petro leum Revenue Tax habilities from newly acquired Forties units; for example, might well ponder this ruling's implications before decid-ing quite how to announce them next acquisitinn of tax-effective exploration opportunities.

STC

se to the new inten-

The London market regularly linds itself on the wrong foot where Standard Telephones and Cables figures are concerned, a tradition which yesterday's report of a mere 43 per cent increase in pre-tax profits for 1983 - to £92.2m - did nothing to disrupt. STCs shares duly fell albeit only 6p to 278p, yet on this occasion there was little to be disappointed about.

It is evident, for one thing, that STC could have reported consider-ably higher figures if it had been willing to throttle back only a touch on capital spending or on research and development. Between them, these increased by almost 60 per cent to £113.3m - so there would have been a fair amount of flexibili-ty available for meeting optimistic

forecasts. At a deeper level, there seem to be encouraging reasons for the market to revise the picture of STC which has developed since the company dropped out of the System X project. According to this, STC was being asked to trade its stake in the telecommunications future for a secure income - providing TXE4 digi-tal switching - over a distinctly lim-ited period. But the prospect of supplying British Telecom with a further £200m or so of "enhanced TXE4" - bringing the specificatioo nearer to that of System X - now looks as if it may keep STC in the public switching game almost until

Another cash-generating activity, undersea cables, also has more life In it than was believed a few months ago. The loss of a couple of satellites, along with worries about the effect of seawater on optical fibres, appears to be encouraging renewed orders for the mature type of coastial cable.

Together with the extended life of STC's public-switching products, this may mean that the window.

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON ports. Sales of imported cars ex- value of components they acquire ceded 1m units for the first time in from UK companies.

first time in 1983. A surplus of 1983. £101m for 1982 changed to a deficit The trade deficit for all motor in-£1.94bn to £2.69bn, dustry products also worsened con-

That explains the UK Government's growing concern about car imports and the pressure it is put-ting on Ford and General Motors, the Vauxhall Opel group, to cut the number of "captive" imports the companies bring into Britain from their Continental factories. The two

U.S.-owned groups last year were the biggest car importers in Britain. The Government also wants Ford and GM to increase the number and sbarply from £417m to £575m.

As a result, the deficit for cars widened by nearly 40 per cent, from

of foreign currency to pay for lorry imports. Other European countries were facing similar problems in the Middle East as well as Africa. Their commercial vebicle manufacturers concentrated on European sales instead in 1983. The results show clearly in the

trade statistics. UK commercial vehicle exports dropped from £516m to £439m, while imports increased

Levland Trucks. BL's subsidiary suffered severely from the unorece-Commercial vehicle exports last

dented conditions in the truck maryear were badly hit by the problems kets last year and in December of traditional markets, particularly halted all capital investment proin Africa, where countries ran out jects pending a review of its manufacturing operations. That increased unioo lears that Leyland might shut permanently its export truck plant at Bsthgate, In

account in 1983.

According to the Society of Motor

Manufacturers and Traders' analy-

sis of Customs and Excise statistics

all sectors of the motor industry

went into reverse on the trade

eotering into a formal pact. A trioartite meeting in Lusaka last week launched a South Afri-

By Michael Thompson-Noel in Sydney

BHP stake

MR Robert Holmes a Court, the Perth-based financier, yesterday offered approximately A5240m (\$228m) for 18m shares in Broken Hill Proprietary (BHP). Australia's biggest company. The offer, if successful, would net him a further 4.6 per cent of BHP's total of 344.7m sbares on issue.

The offer was made through Bell Resources, the high-flying mining and resources investment subsidiary of Mr Holmes à Court's master company, Bell Group. BHP urged rejection of the offer,

and counter-attacked by announc-ing a scrip issue of one new share for every five held on April 27, 1984. Earlier this month it announced a one-for-nine rights issue to existing shareholders. The company said yesterday it expected to maintain its current annual dividend of 40 cents on the increased capital.

However, Mr Holmes à Court's latest offer for BHP shares is expected to have greater success than his bold bid for the entire company last August, and dramatises the speed and scope of bis move into Australia's resource sector. dium range car which the French group has code-named C 28. It will

Mr Holmes a Court is offering seven shares in Bell resources for every four BHP shares held, or alternatively five shares, plus five options, for every four BHP sbares.

Beti Resources shares were trad-ing here at AS8.80 yesterday, aod the options at AS3.70 - valuing the latest offer, for 16m of BHP's 341.7m shares, at approximately AS15 per BHP share. Yesterday BHP shares closed at A\$13.90.

Bell Resources already owns 8m BHP shares and options, equivalent to 2.3 per cent of the existing share capital. Most of this has been acquired through market purand the commercially-successful Peugeot 205 "supermini;" for Villacbases, after the previous tender offer secured 792,000 BHP shares.

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BRITAIN is poised to block a move within the EEC to restrain the im-ports of coro gluten feed, a by prod-request from the European Com-restraint which is desirable. France uct of maize processing, which comes largely from the U.S. Any move in EEC to restrain

these imports, however, would risk a sbarp reaction from Washington, and a further deterioration in already strained trade relations.

BY PAUL CHEESERIGHT IN BRUSSELS

It may also diminish the strength of the protest which EEC foreigo ministers are expected to make to to Britain's argument.

Continued from Page 1

mobile industry.

next two years.

in the history of the French auto-

ments at Ryton to enable the Cov-

entry plant to assemble a new me-

probably replace the Talbot Horiz-

Production of this car, which is

expected to be a Talbot although

Peugeot has yet to make an official

announcement, will be centred at

Poissy, where the private car group intends to invest FFr 1.2bo over the

Talhot models (including the C 28)

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C 4 39 Structures Sa -65 21 Systems - - - Itanger C 6 43 Idena C 25 77 Itel Anny C 5 43 Idena C 5 43 Idena C 3 42 Idena C 3 42 Idena C 5 43 Idena Sa -66 21 Idena Sa -66 21 Idena C 3 37 Vidence Sa -1 30 Viesna Sa -1 30 Viesna Sa -1 30 Viesna C 9 43 Zanch

The EEC Council of Ministers is expected during a two-day meeting to discuss both the issue of corn gluten feed imports and EEC-U.S. trade relations. Policy.

is said to want imports beld at their mission for a mandate to negotiate, under the terms of the General average over the three years, Agreement on Tariffs and Trade 1981-83. But during that period (Article 28 - the suspension of tariff EEC imports doubled and the UK prefers a 1983 reference period. concessions for coro gluten feed). Third, the UK believes it is Incon-The Commission proposal is supsistent to criticise the U.S. for the

ported by France, but the British rise in protectionist pressures from view has support from West Ger-many, the Netherlands, Belgium its industry while answering secbonal calls for protectionism by and Italy. seeking to change tariff biodings.

UK set to block EEC move to

cut corn gluten feed imports

The UK is not to the withdrawal Washington on the trend towards of the tariff concessions on princideveloping concern about moves in the U.S. to use existing trade legisprotectionism in the U.S., according ple. Rather, it believes that the manner and the timing are wrong.

Peugeot calls for Talbot aid

M Parayre indicated that Peugeot was seeking about £50m (\$72.5m) in UK Government aid for the invest-C 28 but not the 205 "supermini."

verde in Spain to produce Talbots and the 205 "supermini" but not the

However, M Parayre said Peu-

geot did not intend to launch what be called "spectacular measures" to restore commercial credibility to

the Talbot marque which bas suf-

fered a heavy blow from prolonged

He said the group was adopting a

low profile at present but it envi-

Among these, the more crucial ones

Poissy labour troubles.

lation to cut imports of products like steel, footwear and wine. This First, It does not want to separate the corn gluten feed trade issue is coupled with anxiety about the from the question of the general reproliferatioo of Bills in Congress form of the Common Agricultural designed to ensure trade reciprocity oo a sectoral basis.

its workforce.

Mozambique objects to the al-**Oil shares** eged, and widely believed, South African support of the Mozambique Leading oil shares in London Nabonal Resistence, a rebel move ment attempting to overthrow Pres

ident Machel Mozambique also knows that would greatly beoefit from a resumption of the pre-independence close economic relabonship with South Africa, including tourism, transport, the sale of electricity

But throughout the EEC there is from the Cabora Bassa hydro project and even loans or investment from the Republic.

IBM wins key **UK cashless**

shopping role

Continued from Page 1 accepted by retailers, who were not

to them.

Kenneth Gooding, adds from Lon-don: There is still considerable several working party reports, the clearing banks are still not united behind the project, planned to start operation in 1988.

Barclays, in particular, is known to favour an "evolutionary" ap-proach principally through the spread of transaction telephones which cost only £385 (\$558) against It is felt that Peugeot will be re-

It is therefore backing two horses. It is remaining with the CLCB scheme while supporting the spread of transaction telephone through membership of On-line

consulted over the details and who ability for the company to reduce see the scheme as expensive and M Parayre said "1983 was better designed for the convenience of the banks rather than of an advantage

than 1982" for the group as a whole. But the improvement will not be Although the decision to go abead translated in the group's consolidated net figures, which will show a bigger net loss last year than the FFr 2.1bn loss in 1982. with a nationwide EFT/POS scheme was taken by the clearing banks after years of discussion and

scepticism within the UK Depart-meot of Trade and Industry about the possibility of Peugeot investing more money in Ryton, which produces the Horizon, Alpine and Solara medels

£500-£1,000 for an electronic point ing in Britain at a time when it is of sale terminal.

carrying out major redundancy pro-However, if Peugeot does not put a new model into Ryton the plant

trols on the French market and the closed Card Services.

New futures contracts for London

BY JOHN MOORE IN LONDON

THE LONDON International Financial Futures Exchange (Liffe) yesterday unveiled plans for the commitment to buy or sell a specific launch of an equity index futures contract based on a financial instrucontract linked to the minute-byminute movements of the new FTSE 100-share index. At the same time the futures ex- ers to hedge their portfolios. Its use

change announced that it is to would allow them "in times of unlaunch a U.S. dollar long interest certainty" to bedge all or part of rate futures contract based on the 8 their portfolios "without the need to per cent 20 year U.S. Treasury buy or sell their underlying invest--1 10 -2 29 bond. ments."

The equity index contract will be gin trading on May 3 this year, uity index contract will be £25,000 while the Treasury bond contract (\$38,250), while the U.S. Treasury will start operation on June 21. bond contract value will be \$100,000.

The financial futures exchange, The Treasury bond contract will be on which investors can enter a firm

London's decision to introduce a ment of currency at some future U.S. Treasury bond is designed to date, said that the equity index conmeet the needs of traders in the Eutract will belp investment manag-

both contracts

similar to the contract traded on the Chicago futures exchange.

robond market and of the increasing number of holders of U.S. Government securities who want to hedge their portfolios ahead of the opening of the U.S. markets each

aucbon - that it can no longer offer companies the benefit of informal rulings in advance.

through which STC bas been allowed to view its future, can remain The fiscal complexity of the North Sea environment will now be open for a while longer, while STC clung on yesterday to most of the doubly daunting - and has not been should have rather more cash to sudden gains notched up late last simplified by the House of Lords' spend on redesigning itself.



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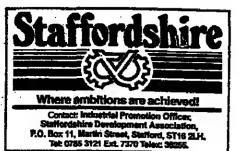
OF AUSTRALIE

day. Mr Michael Jenkins, chief exect

tive of the London financial futures exchange, said yesterday that be did not expect "a rocket takeoff" of

nizzin F-Fair Fg-Fag H-Hail eet So-Snowr T-Thunder

saged launching an advertising campaign to help boost Talbot's tar-nished image. The Peugeot group was aiming to luctant to announced further spend-M Parayre said the group's industry to break even this year, altrial strategy involved integrating though M Parayre acknowledged it was a difficult target and would de-Talbot's three main manufacturing plants in France, Spaio and the UK. The idea is for Poissy to produce grammes pend on a number of factors.



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SECTION II – INTERNATIONAL COMPANIES FINANCIAL TIMES Tuesday February 21 1984



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Braun lifts profits 27% despite loss in Latin America

BY JOHN DAVIES IN FRANKFURT

BRAUN, the West German electri- revenue and profit this financial cal appliance maker, has boosted its year after good results in the first profit despite problems in Latin America.

The company, almost entirely owned by Gillette of the U.S., increased its net surplus by 27 per cent to DM 18.7m (\$6.98m) in the year to September 30.

Although Brazil and Mexico produced losses, foreign subsidiaries as a whole paid a larger dividend to the West German company and the group reaped the benefit of earlier restructuring measures.

Braun's group worldwide sales revenue edged down 1.6 per cent to DM 968m after disposal of its photographic business and transfer of hi-fi business to an independent company, Braun Electronic.

Electric razors, which earn nearly half the sales revenue, showed scarcely any growth because of re-cession and a cut in retailers' stocks. But household appliances, including clocks, showed a 12 per cent gain in sales revenue, while bair and mouth care appliances produced 6 per cent more revenue.

week from 40 to 35 hours, on the Herr Lorne Waxlax, the chief.exgrounds that this would reduce competitiveness and cost jobs. ecutive, said be hoped for higher

Rome concerned over troubled property fund

BY JAMES BUXTON IN ROME

THE FINANCIAL difficulties of in the year ended June 1983, com-Europrogramme, an Italian proper- pared with growth of 25.9 per cent ty investment fund, have prompted in the previous 12 months. questions. in the country's parlie-Sig Bagnasco last month said in ment his regular letter to the 75,000

Sig Giovanni Goria, Treasury shareholders, many of whom Minister, told parliament that the bought the unquoted certificates Minister, tota parhament that the bought the unquoted certificates Government was "watching the vi-from door-to-door salesmen, that cissitudes of Europrogramme with they should hold on to their shares great concern." But be added that because the property market was there was nothing the Government likely to revive soon. could do.

He said that the difficulties of the fund, which is controlled by the fi-tal and obtain a stock exchange nancier Sig Orazio Bagnsco, were quotation through a complex formu-the result of the reversal of the pro-la involving the purchase of a comportion of those buying to those selling their holdings in the fund. Doubts about Europrogramme

motor unit By Our Frankfurt Staff four months. METALLGESELLSCHAFT, the

Braun declined to give details of West German metals and engilosses in Latin America, but Herr Waxlax said that the company's neering concern, is preparing to launch its motor components un-it, Karl Schmidt, as a separate greatest problem was in Brazil. While the worldwide workforce declined 1.8 per cent to 7,700, Braun

company on the stock market. The unit, to be known as Kelincreased the number of employees benschmidt, will remain effec-tively under the control of Me-taligesellschaft, which will retain in Argentina. Brazit and Mexico because import curbs made it necessary to raise the degree of local proabout 69 per cent of the capital. But the capital increase in-Braun wrote down the book value

volved in the move will help proof its Brazilian and Mexican subsi-diaries by a total of DM 16m to take vide the basis for an expansion of account of losses and risks. activities in the next few years. Herr Waxlax said that Braun

With worldwide sales revenue of just under DM 1hn (\$374m) Karl Schmidt has production opwhich was founded 63 years ago and in which Gillette now owns all but a few preference shares - re-garded itself as a genuine multinaerations in West Germany, France, the U.S., Brazil and tional, with exports and production South Africa. abroad making up 75 per cent of Much of its production goes to

W. German

engineer to

hive off

notor vehicle manufacturers, But with 60 per cent of production but it also supplies process plant concerns and other engineering in West Germany, executives ar-gued strongly against currect union companies. demands for a cut in the working

Metallgesellschaft said thet foreign operations of Karl Schmidt had previously been a financial burden, but now were contributing increasing profits to the concern

The Karl Schmidt parent unit, excluding foreign operations, reported sales revenue slightly down at DM 626.4m in the financial year to September 30, with net profits rising from DM 12m to DM 14m. Lex, Page 12

Danish sugar group plans rights issue

By Hilary Barnes In Copenhagen

DDE DANSKE Sukkerfabrikker (DDS) plan a DKr 50m (\$5.15m) rights share issue at market price which will increase the company's share capital from DKr 435m to DKr 485m The price of DDS shares fell

from DKr 800 to DKr 715 on news that the issue would be at market price, but at the lower price the issue still yielded about

DKr 360m.

EAB enters a major mid-life crisis

SHAREHOLDERS CONSIDER FUTURE DIRECTION OF CONSORTIUM BANK

EUROPEAN American Bank taking a decision on the bank's fu-(EAB), New York's tenth largest ture for much looger. bank, which is jointly owned by six The first is that, following the

European Banks, is going through early retirement last year of Mr one of those mid-life crises that Harry Ekblom, EAB's chief execuperiodically afflict most jointly twe for 13 years, EAB's sharehol-owned or consortium banks ders have to choose a new chairthroughout the world. man and chief executive.

EAB is the largest of several con-The second, is that Britain's Midsortium banks set up by a group of land Bank is supposed to reduce its European banks that operate stake in EAB from 20.125 per cent European banks that operate around the world under the umbrel- to 5 per cent or less by the end of la of a banking "club", known for- this year, as part of the deal it made mally as the European Banks Interwith the Fed to win approval for its national Company (Ebic). EAB, like 198t purchase of a majority stake in most consortium banks of its gen-Crocker National Corporation, the eration, was formed to give its sharebolders joint representation West Coast banking group. The problems of finding a success

in a major banking market where sor for Mr Ekblom and a replacethey were unrepresented. However, since it was established ment for Midland Bank would not be paticularly difficult if EAB could in 1968 circumstances bave



boast a bealthy profit growth over the years and a deceot return for its world are facing similar problems of redefining their relationship with their shareholders and their shareholders. However, its track record bas not niche in the market, but in EAB's been impressive. Earnings peaked case a number of things have bapat \$33.3m in 1981 and have been falling since, although its balance sheet has risen by 7 per cent to \$8.7ho and the bank has bad the pened recently that are very diffi-cult for its sbarebolders to ignore. Sooner or later the six banks involved - Amsterdam-Rotterdam benefit of extra capital provided by sharebolders.

Bank, Creditanstalt-Bankverein, Deutsche Bank, Midland Bank, Socièté Générale de Banque and So-cièté Générale (France) - will have after charging \$82.2m in loan loss provisions, 45 per cent up on the previous year. In the final quarter o decide what they want to do with EAB. It is looking increasingly likeof last year EAB reported a net loss ly that one of the sharebolders will of \$6.9m after chargiog-off \$11.1m step in to buy the whole operation. for non-recurring items, most of There are a number of reasons. which related to systems developwby EAB's owners cannot delay ment in automation

BY JIM JONES IN JOHANNESBURG

six months to the end of 1983 de-spite the fact that it had earlier sold

R7.86m (\$6.4m) was earned before

its loss-making operations.

BY WILLIAM HALL IN NEW YORK

EURO	cow that		
	Net Income	Non- performing loans	sented in resolved of its sha
	Sm	Sm	But EA
1977 1978 1979 1980 1981 1982 1983	9.6 14.1 21.0 30.8 33.3 30.4	53.2 50.6 53.7 65.0 93.0 297.7	it shares most off York, car common in the L find a off
1983	19.2	222.0	TING & OF

Group return on assets of 0.23 per cent is among the lowest of the ma-jor U.S. banks, while its \$222m of non-performing loans, equalled 3.8 per cent of total loans, which is bigher than average. Meanwhile, sharebolders have seen scant return on the \$50m new capital injected over the last three years, and it is likely that the dividend, reduced

by more than a quarter in 1982, will cut again to betp the bank bolster capital ratios.

Although it has not been particuarly profitable of late, EAB is a large bank and would not be easily digested by any but one of the biggest banks in the world. With sharebolders' funds close to \$400m, 92 offices in the New York/Long Island area and 4,500 staff, almost half of whom are currently moving into a new 1m sq. ft. office complex in a Last year the bank earned \$192m New York suburb, European American ranks as one of the largest for-

elgn-owned banking organisations in the U.S. EAB's problems can be divided into two categories. The first, and most obvious, problem relates to its sharebolders. Very simply, EAB was set up to do a job for which

Sale of loss-making divisions

ABERCOM, the South African engi- division, continued to experience rent financial year are likely to be

but improved its performance in South Africa and Australia. On the

other hand Consani, which makes

shortage of work due to project can-

fails to lift Abercom result

the failed Franklin National Bank, which transformed EAB into a ma-jor retail bank. Since then the retail no longer much of a need it its parents are well repre-New York. This could be banking market has become inby it being acquired by one creasingly competitive and several areholders. foreign banks are reassessing the necessity for maintaining high cost

AB's second problem, which es to varying degrees with ther foreign banks in New branch networks to collect deposits when alternative funding sources nnot be solved so simply. In are available. with many foreign banks At the same time, EAB continued U.S., EAB is struggling to to focus on its traditionat business of scrifting the major U.S. corporaiche in a markel undergoing

fundamental change. tions, but as competition increased, America is the largest single it began to widen its horizons and banking market in the world and move into the medium-to-small corthe source of dollars, the stock in porate market in its search for new trade for all international banks. If business.

a foreign bank wants to play a ma-It has been successful in one or jor role in international banking, a two specific areas, such as financ-ing the breeding of thoroughbred horses and New York's diamond U.S. presence is vital. But to date few foreign banks appear to have found the right niche. trade, but is facing ficrce competi-tion as many U.S. banks have rede-



prisingly active in international EAB's history underlincs the changing nature of foreign bank's lending to several countries that have run into financial problems. business in the U.S. When il was formed from the core of the old Belloans to Mexico, Brazil, Argentina gian-American Bankiog Corporaand Venezuela were the equivalent of 170 per cent of EAB's sharehold-er funds, which ranks among the higher relative exposures of major tion, in the late 1960s, one of the main sources of its business loan volume was connected with servicing the needs of European inves-U.S. banks, Wilh hindsight, EAB tors in the U.S.

By the early 1970s, the bank was might have been better advised to becoming concerned about the high cost of money and in common with and leave such lending to its parand leave such lending to its par-ents which are already well exseveral other foreign banks decided posed to Latin America. But EAB's that it needed to establish its own local branch network to collect push into the international market partly resulted from its inability to "cheap deposits."

In October 1974, it bought 100 generate sufficient domestic U.S. loan business on attractive terms. branches and \$1.6bn of assets from

Fund-raising for Générale Biscuit

ployed loan officers from interna-tional lending to domestic tending.

Finally, EAB has also been sur-

At the end of 1982, its outstanding

By David Marsh in Paris

GÉNÉRALE BISCUIT, France's leading biscuit company, is raising FFr 330m (540m) through a dual issue of new sbares and a convertible bond offering on the Paris capital market.

The company will raise its nomi-

arose recently when the Swiss-registered fund reported that the of Europrogramme into Fornara value of its assets bad riseo only 4 and to obtain a quotatioo on the per cent to about L1,200bn (S723m) larger Milan stock exchange.

Fläkt earnings decline

BY DAVID BROWN IN STOCKHOLM

FLÄKT, the Swedish ventilation equipment and pollution control group, yesterday reported an 11 per cent decline in 1963 pre-tax earn-erty sales of SKr 10m a year earlier. ings to SKr 184m (\$23.1m) from SKr 207m a year earlier. Sales climbed 9 per cent to SKr

7.6bn, but volume was stagnant, the group reported. The decline was due to an ex-

traordinary loss of SKr 15.1m stemming from plant sbutdowns in Bra-zil and from extensive restructur-SKr 205m achieved a year before.

vning 18

ing, especially in Mexico, the U.S., and West Germany. The group post-Before extraordinary items, the result was slightly up from last year's level at SKr 199.1m, mainly because of an improvement in ne interest income by SKr 40m to SKr

pany named Fornara, which is quo ted on the Turin bourse.

Before financial items, operating

The company, which increased its group sales from DKr 5.3bn to DKr 7.5bn between 1981 and 1983, said the money would be used for financial consolidation and new investments.

Philips man takes

charge at Grundig MR HERMAN EONING, at pres-ent head of Deutsche Philips, the West German holding company of Philips of the Netherlands, has

post of chief operating officer, con-tax and interest oo sales of solidating the Hefner family's grip R103.3m. In the corresponding periover the company. Playboy also announced that as

changed and all its major sharebol-

ders now have large and growing New York banking operations that overlap at least partly with EAB's.

Other consortium banks around the

Hefner family

tightens grip

By Paul Taylor in New York

MISS CHRISTINE Hefner, the 31-

year-old daughter of Mr Hugh Hef-ner, founder and chairman of Play-

boy Enterprises, who became presi-

deot of the Chicago-based pub-

lishing and entertainment group in 1982, is to assume the additional

on Playboy

part of a management reorganisation, the office of the president, esprofit of R14.28m. tablished in April 1982, will be abolished and that two of its senior ex-ecutives, Mr Marvin Huston, an executive vice-president who shared

memer, and Mr Stephen Silvers-mith, senior vice-president and chief financial officer, will leave the company this year.

cellations and delays, operating only at break-even. An interim dividend of 6 cents

peering group, marked time in the difficulties at its U.S. operations,

A first-half operating profit of process equipment, suffered from a

od of 1982, sales were R112.1m and the operating profit was R7.72m. The year to June 30, 1983 resulted in sales of R208m and an operating should be declared from first half earnings of 22 cents a sbare. The six months ended December 31, 1982 resulted in earnings of 12 cents a sbare and an interim dividend of Mr Peter Herbert, chief executive, said the wholly owned subsid-16 cents. A final dividend was not iary Abertech Industries, which makes springs and motor vehicle declared at the end of the last finan-

cial year. Mr Herbert does not expect the South African economy to improve until early in 1985 and says that results in the second balf of the cur-

petition board of R20m purchase of Hanbill by the | 124.2m through a one - for 10 rights country's largest chemicals group, AECL

similar to those of the first half.

Abercom bas emerged as a possi-

ble buyer of a controlling interest in

the troubled explosives and fertilis-

er company, Hanhill. This follows prohibition by the Government's

AECI now has more than 95 per cent of South Africa's R400m a year explosives market. Abercom has an option to acquire a controlling share of Hanhill but will only exerclee this once it has examined the small chemicals company and Is convinced that it can break AECI's stranglehold on the domestic explo-

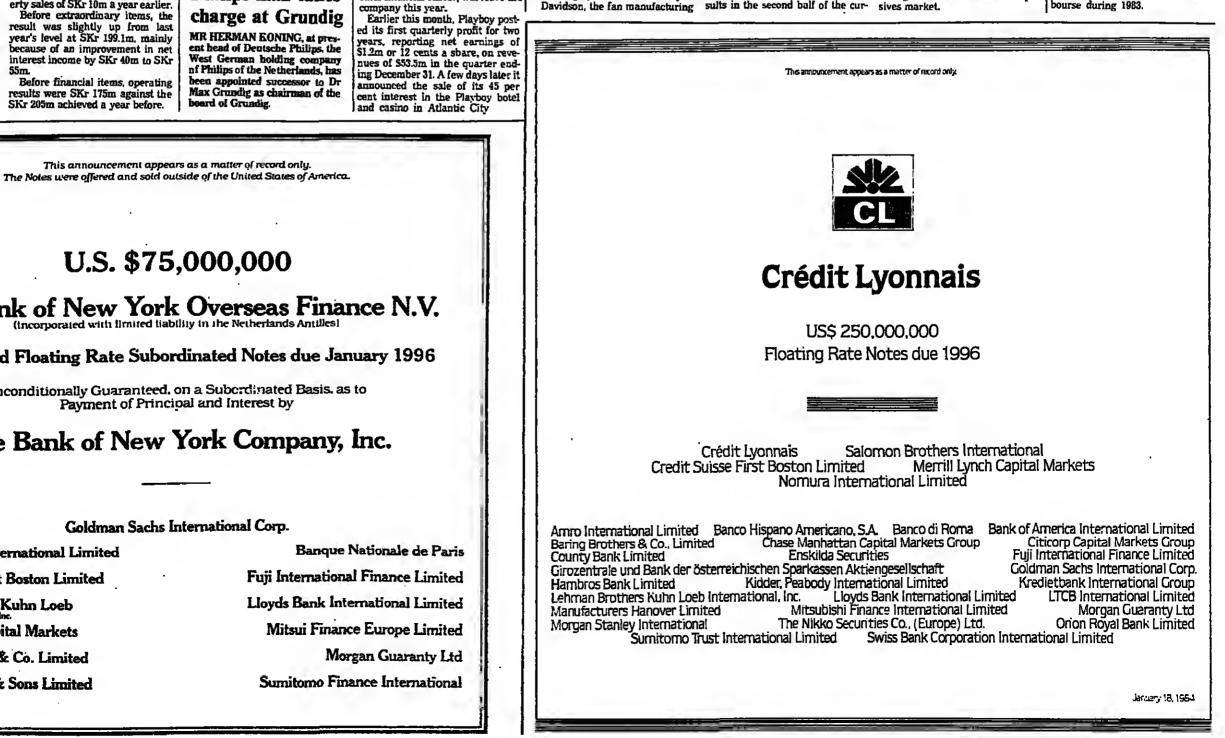
nal capital to FFr 136.6m from FF issue of 124,209 sbares valued at a nominal FFr 100, issued at FFr E.000.

At the same time, the company is raising FFr 206m through a bood issue at 9.75 per cent, convertible into shares on a one-for-one basis effective January t 1986.

Generale Biscuit's fund-raising exercise follows a stream of similar capital increases made on the Paris bourse during 1983.

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January 1984

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INTERNATIONAL COMPANIES and FINANCE

Keppel

Shipyard to

First drop in profits for seven years at Komatsu

BY TERRY POVEY IN TOKYO

KOMATSU, the world's second largest manufacturer of construction machinery, has reported a 5.6 per cent drop in has net profits for 1983 to Y30.6on company bad a small increase (U.S.\$131.1m)—the first time in in domestic sales (proof it says seven years that the parent com-pany has experienced a year-on-vear fall, Lower overseas sales 9 per ceot in exports. Price cut-of construction machinery and ting in the Middle East as the

of construction machinery and generally reduced demand for industrial beavy machinery industrial beavy machinery were the main causes of the Unconsolidated sales totalled Y611ba, down by E.3 per cent from the Y653bn of 1982. Pre-tax profits were 13.1 per cent lower at Y56.5bn. Net profits per share were Y37.60 against Y40.53 in 1982. The dividend

total for the year is an un- Industrial machinery division, changed YE. Exports accounted for 61.5 In its main line of business per cent of total sales about

2 per cent lower than in 1982. On the financial side Komatsu -construction machinery-tbe managed to reduce its overall borrowings by Y12.5bn and so hring its ratio of net worth to total capital up to 40.7 per cent For 1984 the company is look-ing for a continuing recovery in domestic demand for con-

group which owns 35 per cent of Wattie's shares, and with

Wattie, for which it is thought to have paid about NZ\$50m (US\$33.1m), now represents the unwinding of the last phase of what had become a complex and

confusing situation originally sparked off by Wattie and Good-man's own bid for NZFP late

last year, Brierley declined to name the

Brierley's sale of its stake in

Wattie itself

Brierley group disposes

of Wattie shareholding

BY OUR FINANCIAL STAFF

BRIERLEY INVESTMENTS.

the New Zealand diversified

have new chairman By Chris Sherwell in Singapore KEPPEL SHIPYARD, the Government-controlled Singapore ship-repair company and

one of the island state's lead-ing corporations, is to have a new chairman. He is Mr Sim Kee Boon, the bead of the civil service and a permanent secretary in the Ministry of Finance, who is

retiring from his posts when be turns 55 later this year. Keppel, Singapore's oldest shiphuilding and ship-repair-

sing company, is currently chalred hy Mr George Bogaars. He will leave after almost 14 years in the post at the next annual general meet-ing, expected in May. ing, expected in May. The company is publicly listed but 71 per cent owned by the Singapore Govern-ment through Temasek Hold-ings. Last year it acquired control of Straits Steamship from Ocean Transport and Trading in a deal which valued the company at close to \$\$500m (US\$235m). In its meet recent annual

to S\$500m (US\$235m). In its most recent annual report Keppell lists 3g sub-sidiaries and 28 associated companies, the bulk of them in Singapore. Apart from ship repairing and shipbuild-ing, it is becoming more in-volved in property develop-ment and financial activities. It is not clear whether Mr Bogaars will also step down from his chairmanship of Straits Steamship and Far East-Levingston Shipbuilding, also a Keppel subsidiary. If he is moving for health reasons, as is widely sus-pected, further announce-ments seem likely. ments seem likely.

In its interim results for the six months to June 1983, the six months to June 1983, Keppel reported sharply lower pre-tax profits of SS23.5m compared with SS83m in the same period the previous year. The directors blamed the "very depressed" shipping market and said they did not expect a significant improvement in the second half.

AECI and TFI to end partnership

BY OUR JOHANNESBURG CORRESPONDENT

The performance of Triomf Fertilizer has been particularly badly affected by the slump in

Trading in TFI shares was

the year.

AECI, South Africa's largest lizer has scemed inevitable chemicals group, and Triomf since then. Fertilizer lavestments (TFI) The per expect to conclude negotiations this week on the cancellation of their partnership agreement both domestic and export in the fertiliser manufacturin; demand for fertilisers. In the company, Triomf Fertilizer, six months ended June 30, 1983 AECI holds 29 per cent of the company suffered a loss of Triomf Fertilizer, while TFI R10.5m (S8.6m) and losses con-has the remaining 51 per cent. tinued into the second half of Triomf Ferulizer was formed 10 years ago by the merger into one company of AECI's fertiliser plants and Somerset West and

suspended on the Johannesburg Stock Exchange for two days Chloorkop, and TSI's factory at Potchesstroom. Since the merger, Triomf Fertilizer has established the Richards Bay yesterday at the request of the company, and a further announcement is expected tomorrow. phosphate fertiliser plant,

TFI says that its shareholders Triomf buys its organic feed-stock from AECI and from SASOL the oil from-coal group. can expect a considerable rise in the intrinsic value of their investments once it breaks with and last September it took both its suppliers to court. A AECI and that the post-split separation of the interests of profit potential will be remark. AECI and TF1 in Triomf Ferti- able.

Kirsh Trading returns Checkers to the black BY OUR JOHANNESBURG CORRESPONDENT

KIRSH TRADING bas succeeded completed it is intended in returning South Africa's to sell selected property de-largest supermarket chain, velopments and to eliminate the Checkers, to profits. In the six group's borrowings entirely by months ended December 31 the end of this financial year. 1983 a pre-tax Interim profit of During the six months just R62m (\$5.1m) was earned on turnover of R715m. In the were opened and the new store corresponding period of 1982 programme, which includes re-there was a pre-tax loss of furfishing existing outlets, is furbishing existing outlets, is planned to continue through 1984 and 1985. At the end of December 194 Checkers stores there was a pre-tax loss of R2.9m on a turnover of R590m. The year ended June 30 1983 resulted in a pre-tax loss of R12.5m and turnover of

R1.19bn. On January 1 1984, Kirsh Trading was enlarged by the injection of other interests held by the Kirsb group in furniture injection of other interests held due to higher taxes, higher un-by the Kirsb group in furniture employment levels, the con-retailing, wholesaling, liquor and discounting. The effect of this will appear in the results of borrowing. for the second half. Checkers has borrowed R100m larged Kirsb Trading earned from a banking consortium as a 29.8 cents a share in the balf bridging loap to finance its wate ended December 1983 and

bridging loan to finance its year ended December 1983 and stores development pro- bas declared an interim divi-gramme. Once this is dend of 10 cents. stores

Investcorp sticks to

its long-term guns

BY MARY FRINGS IN BAHRAIN

Financial Times Tuesday February 21 1984 SPAREBANKEN OSLO AKERSHUS-

The leading market maker in Norwegian kroner dealing.



Forex and Treasury Section Tel: Oslo 3185 28-30. Telex: 76463 sparx. Capital Market Section Tel: Oslo 31 90 50. Teles: 19968 spark n. Tordenskields gt. 8-10, Oslo 1, Norway. Tel: 472 31 90 50.

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Europe	an	
Brazilia		
Bank Li	imite	d
FINANCIAL HIGH	LIGHTS DECEMBE	R
	1982	1983 00's)
Capital & Reserves	39,918	47.497
Subordinated Loans	18,547	20,668
	683,327	767,432

Sime Darby sells stake in Taiping

By Wong Sulong In Kuala Lumpur

SIME DARBY, the plantationbased conglomerate, is selling a 31 per cent stage in Taiping Consolidated for 15.6m ringgit (US\$8m) to two Malay institu-

the New Zealand diversified holding company controlled by Mr Ron Brierly, confirmed yes-terday that it has sold its 10.5 per cent shareholding in Wattie Industries, the food manufac-turer which has been at the beart of the country's biggest The Negri Sembilan State foundation, and the Malaysian Islamic Economic Development takeover battle. Last Friday New Zealand Forest Products formally with Foundation are paying 30 ringgit each for 620,000 shares. drew its bid to gain control of Wattie after what it called a

ringgit each for 620,000 shares. The two Malay institutions will not make a general offer since the purchase does not exceed the trigger takeover point of 33.3 per cent. Sime will still hold 35 per cent of Talping's 2m shares and it is believed that a Chinese group, under Datuk Chen Lip Keong, chairman of First Allied Corporation Berhad, is trying to buy over another substantial buy over another substantial stake from Sime.

Apart from Its listed status. the attraction of Taiping is that its 25,000-acre estate lies near the national university campus at Bangi, and the land is therefore ideal for property development

"satisfactory agreement" had been reached with Goodman Industries, the bakery and food buyer of its Wattie shares, but said the other party was not Wattie, Goodman, or NZFP. Singapore purchase by Kuwait SINGAPORE - The Knwait OUB Centre's capital from Government's Knwait Invest- S\$160m to S\$240m. ment Office has acquired 33,33 The new money will be nsed

to fund construction of a 60-storey office and shopping comper cent of Overseas Union Bank (OUB) Centre. plex scheduled for completion in June. The rest of the shares KIO paid S\$132m (U.S.\$62m) or S\$1.65 a share for the 80m are hel S\$1 new shares issued to raise Reuter are held by OUB's subsidiaries.

We are pleased to announce the opening of our

LONDON OFFICE

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HARRY FITZGIBBONS Managing Director **RAY CANSDALE** KRISTEN NEWELL

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Trading: 01-600 8751

MARK SOHN

Senior Vice President - Equity Trading

 \parallel

L. F. ROTHSCHILD, UNTERBERG, TOWBIN INTERNATIONAL

These securities have been placed privately outside the United States of America. This announcement appears as matter of record only.

INTERNATIONAL STANDARD ELECTRIC CORPORATION

(Incorporated in the State of Delaware, U.S.A.)

Dfls 100,000,000

8½% bearer Notes 1984 due February 15, 1989

Amsterdam-Rotterdam Bank N.V. Bank Mees & Hope NV Pierson, Heldring & Pierson N.V. Nederlandsche Middenstandsbank nv Rabobank Nederland

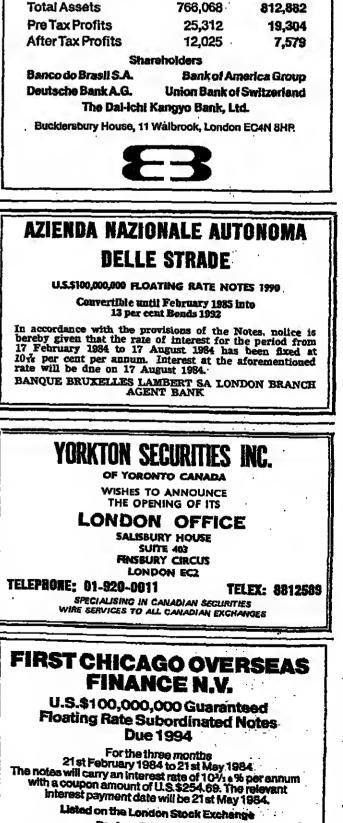
Algemene Bank Nederland N.V. Deutsche Bank Aktiengesellschaft Swiss Bank Corporation International

Limited

February, 1984

1°			
	IN THE REVDAY of Euwalt's	temptation to circumvent it no	FINANCIAL HIGHLIGHTS
	unofficial stock exchange, the		
1	Sug al Manakh, almost all the		YEAR ENDED 31st DECEMI
1	companies listed there were		1982
1	themselves speculating in		
	shares. It made little differ-	one half per cent of invest-	Capital & Reserves 39,918
	ence wbether they were bona		
	fide investment companies, or		Subordinated Loans 18,547
	involved in trading, manufac-		Loans 683,327
	turing or construction. Some-		
	times capital was committed to the market even before a com-	the state of the s	Total Assets 766,068
	pany was formally incorporated		Pre Tax Profits 25,312
	-a problem which confronted		
	the incoming management of at	Even among these sopbisti-	After Tax Profits 12,025
	least two Bahrain offshore	cated investors, Mr Nemir	Shemholden
	banks.	Kirdar, the president and chief	Sharehoiders
1	Arabian Investment Banking		Banco do Brasil S.A. Bank of
	Corporation-or as it prefers to	over the absence of exposure to	Deutsche Bank A.G. Union Bank
	be known, investcorp—was an exception. Although its own	the Manakh. For this reason-	
1	1982 share issue was lannched	as well as because Kirdar him-	The Dai-Ichi Kangyo Bank,
1	on a tide of speculation, which	self is in favour of full dis-	Bucklersbury House, 11 Walbrook, Lond
	resulted in its being 1,420 times	closure-the company is giving	
	oversubscribed, the company	a more than usually detailed	
1	started out as a management		
	in search of sharebolders,	down into Treasury earnings	
	rather than the other way	(U.S.\$10.5m), stocks-all in	
	clear of the Manakh.	triple A companies on the U.S.	
	This week Investcorp	market (U.S.\$1.1m), and real	
	declared a net profit of	estate (U.S.\$1.7m), less interest	
	US\$10.2m for its first 15 months	expenses of U.S.\$2.7m to give a	AZIENDA NAZIONALE AL
4	of operation, and recommended	net US\$10.7m. Fee income on	LINE STRATE NOT HUTCH ANALES VI
4	the distribution of a 15 per	foreign exchange and real estate transactions amounted to	DELLE OTDADE
	cent dividend on Its paid-up	U.S.\$2.2m.	DELLE STRADE
1	capital of US\$50m. Total assets at the end of the		
	period amounted to U.S.\$81.3m,	Formation surplus	U.S.\$100,000,000 FLOATING RATE N
1	and sharebolders' funds after	From the resulting operating	Convertible until February 198
	dividends and appropriations	income of U.S.\$12.9m, there was	13 per cent Bonds 1992
_	stood at U.S.\$52.2m.	a deduction for operating costs :	
	By western standards, this	of U.S.\$4.4m. But there was an	In accordance with the provisions of the bereby given that the rate of interest for
	represents a solid achievement	exceptional item on the profit	17 February 1984 to 17 August 1984 h
- 11	on the part of a new company which spent six months setting	side of U.S.\$1.7m, representing	I IUT DEF CERT DEF SIRDUM. Interest at th
- 1 1		the difference between actual	rate will be dne on 17 August 1984.
	up its infrastructure. Gulf	start-up costs and the charges	rate will be dne on 17 August 1984.
	up its infrastructure. Guif investors are more impatient, and some criticise its progress	start-up costs and the charges paid by investors on the forma-	rate will be dne on 17 August 1984. BANQUE BRUXELLES LAMBERT SA LO AGENT BANK
	up its infrastructure. Gulf investors are more impatient, and some criticise its progress as ponderously slow. But what	start-up costs and the charges paid by investors on the forma- tion of the company.	BANQUE BRUXELLES LAMBERT SA L
	up its infrastructure. Gulf investors are more impagient, and some criticise its progress as ponderously slow. But what really hurts Is that Bahrain's	start-up costs and the charges paid by investors on the forma- tion of the company. Since January, 1983, Mr	BANQUE BRUXELLES LAMBERT SA L
	up its infrastructure. Gulf investors are more impatient, and some criticise its progress as ponderously slow. But wbat really hurts is that Bahrain's biggest stagging operation on	start-up costs and the charges paid by investors on the forma- tion of the company. Since January, 1983, Mr Kirdar says, the Treasury divi-	BANQUE BRUXELLES LAMBERT SA L
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	up its infrastructure. Gulf investors are more impagient, and some criticise its progress as ponderously slow. But what really hurts Is that Bahrain's biggest stagging operation on record failed to come off. Subscribers to the public share issue who had borrowed beavily	start-up costs and the charges paid by investors on the forma- tion of the company. Since January, 1983, Mr Kirdar says, the Treasury divi- sion has been active in deposit- taking and placing, and in foreign exchange transactions	AGENT BANK
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	up its infrastructure. Gulf investors are more impatient, and some criticise its progress as ponderously slow. But what really hurts Is that Bahrain's biggest stagging operation on record failed to come off. Subscribers to the public share issue who had borrowed beavily to finance a large application record a small and therefore	start-up costs and the charges paid by investors on the forma- tion of the company. Since January, 1983, Mr Kirdar says, the Treasury divi- sion has been active in deposit- taking and placing, and in foreign exchange transactions either for customers or on its own account.	YORKTON SECURITIES
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重要著

This Prospectus includes information given in con npliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange"), for the purpose of giving information with regard to the Asian Devel of the ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fa and the Stock. The Bank has taken all

to give eny information or to make an below. This Prospectus does not consti on or to make any representation not contained in this Prospectus and any information or representation not contained herein must not be relied upon as having been authorised by the Bank or by any of the Underwriters set forth us does not constitute an offer to subscribe or sell or a solicitation of an offer to subscribe or buy the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such invisidiction. e of this Prospectus and the issue, subscription, offering and sale of the Stock is not a waiver by the Bank or by any of its members, Governors, Alternate Covernors, Alternate Directors, officers or employees of any of the rights, immunities, privileges superiors and the laste, subscription, overing and sale of the sock is not a waiver by the sale of us have of the laste, subscription, overing and sale of the Sale of the Sale of any member, all of which a conferred upon any of the Bank or any political subdivision of any member, all of which a

ck is not open for applications to subscribe by U.S. persons. "U.S. person" means any person who is a national, citizen or resident of, or who is normally resident in, the United States, including the estate of any such person, and any corporation, partnership or any other entity created or organised in the United States. "United States" means the United States of America, its territories and possessions and all areas subject to its jurisdiction. References herein to "\$" or "dollars" are to United States dollars.

Dated 20th February, 1984

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Asian Development Bank

Issue on a yield basis of

£100.000,000 Loan Stock 2009

payable as to £25 per cent. of the nominal amount on application and as to the balance of the issue price not later than 24th July, 1984 with interest payable half yearly on 24th September and 24th March.

The Issue has been underwritten by

S.G. Warburg & Co. Ltd.

Baring Brothers & Co., Limited Kleinwort, Benson Limited

County Bank Limited Morgan Grenfell & Co. Limited

J. Henry Schroder Wagg & Co. Limited

The £100,000,000 Loan Stock 2009 (the "Stock") will be available either i rejistered form ("Registered Stock") represented by stock certificate "Stock Certificates") or, at the election of the person entitled thereto, h

Application has been made to the tted to the Official List for deal It is expected thet dealings in the Stock on The Stock Exchange will begin on Friday, 24th February, 1984 without documents of title and at seller ansk for deferred settlement on Thursday, 1st March, 1984. Renounceable allotment letters (partly paid) in respect of the Stock will be issued on Wednesday, 29th February, 1984. Stock Certificates and Bearer Bonds will be available on 24th August, 1984 provided the balance of the INFORMATION RELATING TO THE ISSUE

Procedure for Application

Each application for Stock must be made in the form of the application form provided berewith and must be lodged with Lloyds Bank Pic, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N IAU (the "Receiving Bank") not later that 10.00 a.m. on Thursday,

Resourceable allotment letters (partly paid) is respect of Slock allotted will, except as provided for in the following sentence, be despatched on will, except as provided for in the fo Wednesday, 29th February, 1984 by first class post to; and at the risk of, the person submitting the application in accordance with the instructions stated in the application form. A recognised bank or stockbroker (as defined the application form, request that the renounceable allotment letter be retained at Lloyds Bank Pic, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N tAU for collection between 3.00 p.m. aed 5.00 p.m. on Wednesday, 29th February, 1984. Any uncollected allotment letters will be despatched by first class post as above.

Calculation of Gross Redemption Yields

Gross redemption yields will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Ibe Faculty of Actuaries as reported to the Journal of the Institute of Actuaries Yol. 105, Part 1, 1978, Page 18.

THE APPLICATION LIST WILL OPEN AT 10.00 A.M. ON THURS-DAY, 23rd FEBRUARY, 1984 AND WILL CLOSE LATER THE SAME DAY.

SELECTED INFORMATION RELATING TO ASIAN DEVELOPMENT BANK Asian Development Bank is an international fonancial organisation which was established in 1966 in order to foster economic growth io its developing member constricts in Asia and the Pacific. The Bank'a capital stock is owned by its 45 member countries. As at 31st December, 1983, of the Bank's capital stock, approximately 64 per cent, was owned by member countries which were also members of OECD (Organisation for Economic Co-operation and Development).

OECD (Organisation for Economic Co-operation and Development). The Bank's primary activity is making loans to finance projects in the territories of its developing member countries. Such activity is divided into ordinary and special operations, for which separate fenancial statements are maiotained. Ordinary operations are foranced from ordinary capital resources and special operations from Special Funds resources, most of which are contributed by members. Under the Agreement Establishing The Asian Development Bank (the "Charter"), the ordinary capital resources and the Special Funds resources of the Bank must at all times be held and used entirely separately from each other.

The Bank's present policy is to limit total borrowings and guarantees in its ordinary operations to an amount not exceeding the callable capital stock of members whose currencies are convertible.

Set ont below are selected data relating to the Bank's ordinary

operations and ordinary capital re-		ended 3	st Decen	nber,
	1980	198t	1982	1983
and the second se		millions	of dollars)
Cash (unrestricted), invest- ments and Special Reserve Fund assets — end of year	1,400	1,676	1,962	2,303
Effective loans — end of year: Disbursed and outstanding Undisbursed	2,095 2,362	2,332 2,744	2,685 3,352	3,106 3,613
Borrowings outstanding — end of year: From capital markets	1,523	1,881	2,479	3,164
From official sources Capital and reserves - and of	349	393	331	265
Paid-in capital, reserves and accumulated oct income	2,173	2.301	2.375	2.502
Callable capital	7,084	6,681	6,363	9,852
Net income	146	161	175	180
Cash (unrestricted), invest- ments ned Special Reserve Fund assets as a perceotage of:				
Borrowings outstanding — end of year Undisbursed loan balances —	74.79%	73.70%	69.82%	67.16%
end of year	59.27	61.08	58.53	63.73
Average cost of: Borrowings contracted during year	8.70%	9.30%	9.72%	8.54%
Borrowings ontstanding during year Total borrowings outstanding	7.81	8.14	8.38	8.56
and other funds available during year	4.18	4.28	4.82	5.19
Average interest rate on: Loans approved during year Disbursed and outstanding	8.79%	9.99%	11.00%	10. 56 %
loans - end of year	8.08	8.08	8.12	8.23
Commitment charge on undis- bursed loans	0.75%	0,75%	0.75%	0.75%
Return 00: Average investments Average carning assets	9.81% 9.26	10.56% 9.65	11.42% 10.06	10.28% 9.58
Average life (years) of	5.78 yr	. 7.03 yr	s. 7.41 yr	s. 7.72yr:
year	11.22	11.25	11.35	11.23
The above information should t detailed information and financia in this Prospectus.	e read i l stateme	a conjua ats appea	ction with tring else	where

23rd February, 1984 and must comply with the provisions of "Terms of Payment io Respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock---

Amount of Stock applie	d for				Multiple	
Up to £1,000		••		••	£100	
£1,000 to £10,000		••			£1,000	
£10,000 to £100,000				•••	£10,000	
£100,000 or greater			••		£100,000	

S. G. Warburg & Co. Ltd., on behalf of the Bank, reserves the right to reject any application and to accept any application in part only. If any application is not accepted, the relevant application form and the amount paid thereon will be returned by post at the risk of the person submitting the application and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so

S. G. Warhurg & Co. Ltd., on behalf of the Bank, will announce the basis of allotment by 9.30 a.m. on Friday, 24th February, 1984. It is expected that confirmation of allotments will be despatched on that day. Acceptances of applications for Stock will be conditional (*inter alia*) upon the Council of The Stock Exchange admitting the Stock to the Official List on or before Wednesday, 29th February, 1984. No applications for Stock will be accepted or, as the case may be, acceptances of applications for Stock will become void, if the Underwriters exercise their right to terminate the Uoderwriting Agreement or if the conditions are not fulfilled (see "Under-writing Arrangements" below).

Terms of Payment in Respect of Applications

Each application, unless made by a recognised bank or stockbroker (as defined below) taking advantage of the alternative methed of payment described below, must be necompanied by a cheque made payable to "Lloyds Bank Ple" and crossed "ADB Loan", representing payment at the rate of £25 per cent. of the nominal amount of Stock applied for. Such eques must be drawn on a braoch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scotlish Clearing Houses or which has arranged for its ebeques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment, for payments of £10,000 or more, is The alternative method of payment, for payments of £10,000 or more, is svailable only to recognised banks or stockbrokers who irrevocably engage in the application forms lodged by them to pay the Receiving Bank for credit to the account designated "ADB Loan—Alternative Payment" by 10,00 a.m. on Wednesday, 29th February, 1984 the amount in Town Clearing Finds (as defined below) representing payment at the rate of £25 per cent. of the nominal amount of Stock in respect of which their applications shall have been accepted.

The despateb of any letter of allotment, and the refund of surplus application moneys (if any), may at the discretion of S. G. Warburg & Co. Ltd., on behalf of the Bank, be withbeld until the applicant's remittance has been cleared. In the event of such withholding, the applicant will be notified by letter by the Receiving Bank of the acceptance of his application and of the amount of Stock allocated to bim, subject in each case to elearance of his remittance, but such notification will confer on right on the applicant to transfer the Stock so allocated.

Settlement of the balance due on 24th July, 1984 may be made either by means of n eheque drawn as aforesaid, to be despatched to the Receiving Bank so as to be cleared not later than 12 noon on 24th July, 1984 or, for payments of £10,000 or more, by means of Town Clearing Funds (as defined below), to be received by the Receiving Bank not later than 10.00 a.m. on 24th July, 1984. Such balance may be paid in advance of its due date but no discount will be allowed or interest paid on such balance for any period prior to 24th July, 1984. Failure to pay such balance when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. The Bank further reserves the right, without prejudice to any other rights, in default of payment of such balance, to sell any such Slock fully paid for its own account.

Interest at the rate of two per cent, above the Base Rate for the time being of Lloyds Bank Pic may be charged on any overdue amount which may be necepted.

The expression "recognised bank or stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange and such other banks or brokers as S. G. Warburg & Co. Ltd., on behalf of the Bank, shall determine for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque or banker's payment for £10,000 or more drawn on n Town Clearing Branch of a bank in the City of London.

Allotment letters may be split up to 3.00 p.m. on 20th July, 1984 ie accordance with the instructions contained therein into denor multiples of £100 nominal amount of Stock.

Unless a duly renounced fully paid allotment letter with the registration application form duly completed is received by the Receiving Bank at or before 3.00 p.m. on 24th July, 1984 or an election has been made to receive Bearer Bonds in accordance with the following paragraph, the Stock represented by such allotment letter will be registered in the name of the original allottoe and thereafter Registered Stock will be transferable only be instrument of transfer by instrument of transfer.

Allotment letters will provide for holders of Stock to elect to take delivery of Bearer Bonds, in the denomination of £5,000 carb only, instead of Registered Stock. Each holder of Stock who elects in the allotment letter to receive Bearer Bonds may choose to receive the Bearer Bonds in one of the following ways:-

- (a) by collection from the offices of Lloyds Bank Pic, Registrar's Department, Issue Section, 111 Otd Broad Street, London EC2N IAU or Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA; or
- (b) by delivery to an existing account with the Euro-clear System or CEDELSA:or
- (c) by post, at the risk of the applicant. ,

Bearer Bonds are expected to be available for delivery on and after 24th August, 1984.

Stock Certificates will be despatched on 24th August, 1984 at the risk of registered holders of Stock to each registered holder (or, in the case of joint holders, to the 6rst-named) at his registered address.

After 24th Angust, 1984 allotment letters will cease to be valid for any purpose.

No Stock Certificate and on Bearer Bood will be made available unless the relevant Stock is fully paid.

Underwriting Arrangeme

By an Underwriting Agreement dated 20th February, 1984, S.G. Warburg & Co. Ltd., Baring Brothers & Co., Limited, County Bank Limited, Kleinwort, Benson Limited, Morgan Grenfell & Co. Limited and J. Henry Kleinwort, Benson Limited, Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited (the "Underwriters") beve agreed with the Bank to underwrite the issue of the Stock. The Underwriting Agreement is subject to certain conditions and S. G. Warburg & Co. Ltd., on behalf of the Underwriters, may in certain circumstances terminate the Underwriting Agreement. If the Underwriting Agreement is so terminated or does not become unconditional, no applications for the Stock will be accepted or, as the case may be, acceptances of applications for the Stock will become void.

Determination of Rate of Interest and Issue Price

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield equal to the Issue Yield as determined on the basis described below.

The issue Yield shall mean the sum of 1.35 per cent. and the redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13% per ocnt. Treasury Stock 2004-08, the price ex dividend of such Treasury Stock to be the price determined by S. G. Warburg & Co. Ltd. to be the arithmetic mean of the bid and offered prices quoted at 3.00 p.m. on Wednesday, 22nd February, 1984 on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The gross redomption yield will be expressed as a percentage and will be calculated on the basis set out under "Calculation of Gross Redemption Yields" below.

The rate of interest attaching to the Stock will be determined by S. G. Warburg & Co. Ltd. and will be an integral multiple of one eighth of one per cent. and will be as high as possible consistent with an issue price as near as possible to, but not less than, £87% per cent. The issue price will also be determined by S. G. Warburg & Co. Ltd. and will be expressed as a percentage rounded to three places of decimals (with 0.0005 being rounded upwards).

It is intended that notioe of the Issue Yield, rate of interest and issue price will be published in the Financial Times on Thursday, 23rd February, 1984.

TERMS AND CONDITIONS OF THE STOCK

The £100,000,000 Losn Stock 2009 (the "Stock") of Asian Development Bank (the "Bank") has been authorised by a resolution of the Board of Directors of the Bank passed on 16th February, 1984 and will be issued pursuant to an instrument to be dated 23rd February, 1984 and to be executed by the Bank (the "Instrument").

The Stock will not be an obligation of any government.

Status

The Stock will represent a diroct and unsecured obligation of the Bank and will rank pari passe with all bonds, notes and other evidences of indebtedness issued, assumed or guaranteed by the Bank.

Negative Pledge

As long as any of the Stock shalt be outstanding and unpaid, the Bank will not cause or permit to be created on any of its property or assets any ortgage, pledge or other lien or charge as security for any indeb fore or hereafter issued, assumed or guaranteed by the Bank for hereto money borrowed jother than purchase money moregages, pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Stock shall be secured by such mortgage, pledge or other lica or charge equally and rateably with such other indebtedness.

Interest

The Stock will bear interest from 29th February, 1984 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest will be payable by equal half yearly instalments on 24th September and 24th Mareb in each year ("loterest Payment Dates"), except that the first payment of interest in respect of the period from (and including) 29th February, 1984 to (but excluding) 24th September, 1984 will be paid on 24th September, 1984 and will be calculated using the following formula:—

 $\pounds I = \left(\frac{146}{365} \times \frac{25}{P} \times R\right) + \left(\frac{62}{365} \times R\right)$

where £I is the first payment of interest on £100 nominal amount of Stock; R is the percentage rate of interest attaching to the Stock; nod P is the issue prioc.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused by the

Form

Form The Stock will be available either in registered form ("Registered Stock") represented by stock ornificates ("Stock Certificates") or, at the election of the person entitled thereto, in bearer form represented by bearer bonds ("Bearer Bonds") in the denomination of £5,000 cacb. On or after 25th August, 1984 and subject as hereinafter provided, Registered Stock may be exchanged in nominal amounts of £5,000 for Bearer Bonds and Bearer Bonds may be exchanged for Registered Stock. On issue, an interest coupon ("Geanon") with be atlached to each Bearer Bond in respect of each (n "Coupon") with be attached to each Bearer Bond in respect of each Interest Payment Date following the date of issoc of such Bearer Bond, provided that, in the case of a Bearer Bond issued pursuant to an application received during the period commencing on the day following a Record Dato (as hereinafter defined) and expiring on the immediately succeeding interest Payment Date (both days inclusive), no Coupon will be attached in respect of that immediately succeeding Interest Payment Date.

Applications for Bearer Bonds made before the issue of definitive docu-ments of title must be made before 3.00 p.m. on 24th July, 1984 in accordance with the instructions contained in the allotment letter which will be issued to persons to whom Stock is allotted (see "Delivery" above). On or after the issue of definitive documents of title, applications for exchange must be made on the forms available at the specified offices of each of the Registrar, Principal Paying Agent and Exchange Agent and the Paying Agents referred to below and must be made by the registered holders of Registered Stock or the bolders of Bearer Bonds, as the case may be, lodging such forms duly completed at a specified office of the Exchange Agent. Such exchange will only be made on payment of such costs and expenses as may be incurred in connection therewith.

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Asian Development Bank

An application to exchange Registered Stock for Bearer Bonds shall have attached thereto the Stock Certificates to which such application relates and an application to exchange Bearer Bonds for Registered Stock shall have atlached thereto the Bearer Bonds to which such application relates have allached thereto the Bearer Bonds to which such approximating together with all animatured Coupons appertaining thereto. Failing presentation of all unmatured Coupons appertaining to any Bearer Bo exchange shall be made in respect thereof. In the case of an application received during the period commercing on the day following a Record Date and expiring on the day before the next Interest Payment Date (both days inclusive), a Coupon falling due for payment on such Interest Payment Date shall, for the purposes of this paragraph, be deemed to have matured. If the Stock Certificate attached to an application for the exchange of Registered Stock for Bearer Bonds relates to all application for the change of Registrates to all that in respect of which application for exchange is made or relates to a that in respect of which application for exchange is induc of #5,000, the balance of such Stock with remain in registered form and a Stock Certificate will be issued to the holder in respect thereof. All applications for the exchange of Registered Stock for Bearer Bonds and vice versa will be irrevocable. As application shall be deemed to be made on receipt by the Exchange does does of a duly completed exchange form Exchange Agent of a duly completed exchange form.

The initial Exchange Agent is Lloyds Bank Ple and its specified offices are at Registrar's Department. Goring-by-Sea, Worthing, West Sussex BN12 6DA and Registrar's Department. Issue Soction, 111 Old Broad Street, London EC2N IAU or such other place or places as the Bank may from time to time agree and notify to holders of Stock in accordance with Elbedian before the program. "Notices" below. The Bank reserves the right to terminate the appointment of the Exchange Agent provided that no such termination shall note place until a new Exchange Agent having a specified office in London has been appointed and notice of such appointment has been given to holders of Stock in accordance with "Notices" below.

Bearer Bonds issued in exchange for Registered Stock and Stock Certifi-cates issued in exchange for Bearer Bonds will be available for collection at a specified office of the Exchange Agent or will be despatched in accordance with the instructions contained in the application, in each case within three business days of receipt of the relevant application duly completed.

Transfer

Registered Stock will be transferable in amounts and multiples of one penny Registered Stock will be transferable in amounts and multiples of one penny by instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1903 and the Stock Exchange (Completion of Bargains) Act 1976 of Great Britain applied. The initial Register and Transfer Office for the Registered Stock will be at the specified office of the Registrar. The initial Registrar is Lloyds Bank Plc and its specified offices are at Registrar's Department. Goring-by-Sea, Worthing, West Sussex BN12 6DA and Issue Section, 111 Old Broad Street, London EC2N IAU or such other place or places in Great Britain as the Bank may from time to time agree and notify to holders of Stock in nocordance with "Notices" below. The Bank reserves the right to terminate the appointment of the Registrar provided that no such termination shall take effect until a new Registrar baving a specified office in Great Britain has been appointed and notice of such appointment has been given to holders of Stock in accordance with "Notices" below.

Bearer Bonds will be transferable by delivery,

Redemption and Purchase

(a) Final Redemption

Unless previously purchased and cancelled, the Stock will be redeemed at par on 24th March, 2009

(h) Purchase Fund

The Bank will irrevocably authorise and direct S. G. Warburg & Co. Ltd. or its successor as purchase agent (the "Purchase Agent") to endeavour to purchase on The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") or otherwise £2,500,000 nominal amount of Stock (with, in the case of Bearer Bonds, all unmatured Coupons appertaining thereto) for the account of the balls and a set of the balls of 1987. ending on 28th February in each of the three years 1985 to 1987. ing thereto) for the account of the Bank during the 12 months

Purchases will be made at such prices (exclusive of accrued interest and all costs of purchase) as the Purchase Agent may at its sole discretion consider reasonable, but not exceeding the issue price, and at such times within each such period as the Purchase Agent may at its sole discretion determine. Stock purchased by the Bank may be applied (with, in the case of Bearer Bonds, all unmatured Coupons appertaining thesetol at the nominal amount thereof against the nominal amount of Stock to be parchased purchased bis constructions. this sub-paragraph (b) in the period in which the purchase by the Bank is made. If, in respect of any such period, the required porninal amount of the Stock is not so purchased or applied, the Purchase Agent will be irrevocably authorised and directed to endeavour to purchase the balance of such amount during the six months following. Such purchases will he made before Stock is purchased for the then current period.

Events of Default

If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund for, any bonds or notes (including the Stock) or similar present or future obligations which have been issued, assumed or guaranteed by the Bank, or in the performance of any other obligation arising from "Negative Pledge" above, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default the holder of any of the Stock may deliver or cause to be delivered to the Bank at its principal office in Metre Manila, Philippines lor such other address as the Bank may notify to holders of Stock in accordance with "Notices" below) written notice that such holder elects to deelare the principal of all Stock held by him to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Stock shall become due and payable (together with interest accrued to the date of repayment). unless prior to that time all such defaults theretofore existing shall have been cured.

Prescription

The Bearer Bonds will become void unless surrendered for payment within a "Payments" above, become void unless surrendered for payment within a period of five years, in each case from the due date.

In the case of Registered Stock, principal will cease to be payable on the expiry of a period of 10 years and interest will cease to be payable on the expiry of a period of five years, in each case from the due date.

Replacement of Stock Certificates, Bearer Bonds and Coupons

If any Stock Certificate, Beater Bond or unmatured Coupon is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified offices of the Priocipal Paying Agent and the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on Such terms as to evidence and indemnity as the Bank and the Principal Paying Agent and the Registrar may require. Mutilated or defaced Stock Certificates. Bearer Bonds or Coupons must be surrendered before replacements will be issued.

Title to Bearer Bonds and Coupons

The Bank and any Paying Agent may treat the holder of any Bearer Bond or Coupon as the absolute owner thereof (whether or not such Bearer Bond or such Coupon shall be overdue and notwithstanding any notice to the contrary or writing thereon) for the purposes of receiving payment and for all other purposes.

Notices

All notices shall be valid if despotched by post to the holders of Registered Slock at their registered addresses (in the case of joint belders to the address of the first-named) and if published in one leading daily newspaper printed in the English language and with general circulation in London or, if this is not practicable, in a newspaper having general circulation in Europe, It is expected that publication of such notices will normally be made in the Financial Times. Any such notice shall be docmed to have been given on the later of the day following the date of such despatch and the date of the first such publication,

Meetings of Holders of Stock and Modification of Rights

The Instrument will contain provisions for convening meetings of holders of Stock to consider any matter affecting their interests, iocluding the modification by Extraordinary Resolution of the terms and conditions of the Stock or the provisions of the Instrument. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons bolding or representing a clear majority of the nominal amount of the Stock for the time being outstanding, or at any adjourned such meeting two or more persons being or representing holders of Stock whatever the nominal amount of the Stock for the time being outstanding so held or represented. As Enterprised and the represented and the stock for the represented. An Extraordinary Resolution will require a majority of not less than three quarters of the votes cast thereon and when passed at any meeting of holders Stock duly convened and beld in accordance with the provision Instrument will be binding on all holders of Stock, whether or not they are present at the meeting, and on all holders of Coupons.

The Stock and the provisions of the Instrument will be governed by and construed in accordance with the laws of England, Legal proceedings in connection therewith may be brought in the courts of England.

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INFORMATION RELATING TO THE STOCK

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The principal office of the Bank is located in Metro Munita, Philippines, where the Bank has a staff of about 1,465 drawn from 33 countries. Under the Charter, and in accordance with a Headquarters Agreement with the Republic of the Philippines, the Bank's financial transactions are not subject to any Philippine laws relating to taxes, foreign exchange or other financial controis. The Bank has also established a resident office in Bangladesh. The Bank may establish agencies or branch offices elsewhere.

As at 51st December, 1983, the Bank had 45 members, which had subscribed \$11,509 9 million of its capital stock, of which \$1,657,7 million was pard in ard the remainder was callable. The membership of the Bank reflects the intention of the founders that, while its operations should be limited to the region, it should incorporate the active participation and financial resources of developed nations outside the region. The Bank currently has 31 regional members, including Japan, Australia and New Zealand, providing 58 per cent. of its capital, and 14 non-regional members, comprising the United States, Canada and 12 Western European countries. including the United Kingdom, providing 42 per cent. of its capital. The percentage of voting power in the Bank's affairs held hy the respective members is related, but is not directly proportional, to their capital subscriptions. The aggregate votine power of the developed member countries, which include all the non-regional members together with Japan, Australia and New Zeatand, represents approximately 59 per cent. of the total. The members and their respective voting power and subscriptions to the Bank's capital stock as at 31st December, 1983 are set out in Appendix VI.

The Bank's primary activity is making loans to finance projects located within the territories of its developing members. Such activity is divided inte ordinary operations and special operations. Up to 31st December, 1983, the Bank had approved loans aggregating \$9,173.7 million in its ordinary operations. Such operations are financed from the Bank's ordinary capital resources, which consist primarily of its subscribed capital stock, the proceeds of borrowings and funds derived from ordinary operations. Up to 51st December, 1983, the largest borrowers from the Bank in its ordinary operations, accounting for 96 per cent, in aggregate amount of all approved ordinary operations loans, were Indonesia (24 per cent.), the Republic of Korea (19 per cent.), the Philippines (19 per cent.), Thailand (14 per cent.), Malaysia (10 per cent.), Pakistan (8 per cent.) and Singapore (2 per cent.).

Special operations loans are made primarily to those developing men evuntries having lower per capita gross national prodocts ("GNPs") and debt repayment capacities than other developing members. Up to 31st December, 1985, the Bank bad approved loans aggregating \$4,213.8 million in its special operations. Resources used for special operations loans, most of which are contributed by members, are segregated from ordinary capital resources.

The Charter requires separate financial statements for ordinary operations The Charter requires separate mathematical statements for ordinary operations and special operations and provides that the ordinary capital resources shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of special operations or other activities for which special operations resources were originally used or committed.

In addition to its loan operations, the Bank extends tochnical assistance in the form of grants or loans for project preparation and evaluation, development planning and other purposes.

USE OF PROCEEDS

The net proceeds to the Bank from the issue of the Stock will be included in the ordinary capital resources of the Bank and used in its ordinary operations

MEMBERSHIP AND SUBSCRIPTION OF THE UNITED KINGDOM

The United Kingdom has been a member of the Bank since its establish-ment in 1966. As at 31st December, 1983, the United Kingdom had subscribed \$378.3 million of the Bank's capital stock, being 3.3 per cent, of the Bank's capital stock, and was entitled to east 3.1 per cent, of the total votes. As at 31st December, 1983, the United Kingdom was, by reference to capital stock subscribed, the fourth largest non-regional member of the

CAPITALISATION

The following table sets out the outstanding borrowings, capital stock and reserves and accumulated net income relating to the Bank's ordinary operations as at 31st December, 1983, These figures are unaudited.—

Barrowings (Noter 1. 7 and 2)					(millions of dollars)	The followin capital resou
						31st Decemb
Pavable in Japanese yen	••		••	••	1,219.6	by Deloitte F
Payable in Deutsche Marks			••	••	745.7	included els
Pavable in Swiss francs					655.0	
Payable in U.S. dollars					555.6	expenses for
Payable in Netherlands guilders					167.2	opinion of th
	••		••	••		presents the
Pavable in othes currencies	••		••	••	85.5	conjunction y
Total Borrowings					3,428.6	Appendices 1
• • • • • • • • • • • • • • • • • • • •						
Capital Stock						
Subsesibed					11,509.9	
Less - callable capital subscribed					9.852.2	
	•••		••			
Paid-in capital subscribed					1.657.7	
	••	••	••	••		Gross Income
Less - other adjustments are 4	••		• ••	••	212.2	OLOG THOMAC
					1.445.5	Expenses
Reserves and Accumulated Net Incom		51			1.056.4	Interest a
Arear tes and Area-lanted I are met	nehue		• ••	••	1102014	financial
T						Administra
Total Capital Stock, Reserves	310	Accum	ulated	INCE		
Income			••		2,501.9	expenses
						Services t
Total Capitalisation (Nore /)					5,930.5	countries
		•••••	• ••			Other exper

member countries which act in respect to their currencies in a manner consistent with certain requirements of the IMF's Articles of Agrooment. For those members whose currencies were determined to be convertible as at 31st December, 1983, see "Bortowing and Liquidity Policies and Investment Practices - Policy on Total Barrowing"....

In accordance with the Charter, the Bank has accepted non-negotiable, non-interest-bearing demand obligations in lieu of a part of the amounts required to be paid in national currencies where such amounts have not been required by the Bank for the conduct of its operations. The amounts of such bligations held by the Bank as at 31st December, 1981 were equivalent to \$353.5 million

The Bank's paid-in capital may be freely used in its ordinary operations, except that developing member countries and New Zepland have the right to restrict the use of a portion (aggregating \$3.7 million at 31st December, 1983) of their pord-in capital to making payments for goods and services produced and (except for New Zealand) intended for use in their respective lerritories.

The Charter authorises the Board of Governors by a vote of two thirds of the total number of Governors representing at least three quarters of the total total number of Governors representing at least three quarters of the total voting power of the members to set aside to Special Funds up to 10 per cent. of the Bank's unimpaired capital paid m by members. As at 31st December, 1983, a total of \$49.8 million (3.4 per cent of animpaired paid in capital) bad been set aside and transferred to Special Funds.

CALLABLE CAPITAL

The callable purties of subscriptions to the Bank's capital slock is subject in call only when required to next the obligations of the Bank on borrowings of funds for inclusion in its ordinary capital resources or on guarantees chargeable to such resources. Callable capital consequently may not be called to make loans. In the event of a call, payment may be made at the option of the member in gold, in convertible currency or in the currency required to discbarge the obligations of the Bank for the purpose for which the call is made. the call is made.

Calls on the callable portion of subscriptions are required to be aniform in percentage terms on all shares of capital stock but obligations of the members to make payment apon such calls are independent of each other. members to make payment apon such calls are independent of each other. Failure of one or more members to make payments on any such calls would not excuse any other member from its obligation to make payment and successive calls could be made on non-defaulting members if necessary to meet the Bank's obligations. However, no member could be required on any such call to poy more than the inpaid balance of the callable portion of its subscription to the Bank's capital stock. No calls have been made on the callable portion of the subscriptions.

INCREASES IN CAPITAL STOCK

Under the Charter, the capital stock of the Bank may be increased by the Board of Governors by a vote of two thirds of the total number of Governors representing not less than three quarters of the total voting power of the members. In the event of a general increase in the Bank's capital, each member has a right to subscribe to the new shares in proportion to its existing shareholding but on member is abliged to subscribe to any portion of such increase.

General capital increases occurred in 1971 and 1976. On 25th April, 1983, the Board of Governors approved the third general increase in the Bank's authorised capital stock of 754,750 shares (from 722,057 shares to 1,476,807 shares) which became effective on that datc. Each member is entitled to subscribe tu 105 per cent. of the number of shares subscribed by it un the date of the resolution, with 5 per cent, of the subscription being paid in shares and the remainder being callable shares. The resolution provides for instruments of subscription to be submitted by 31st May, 1984 or hy such later date as the Board of Directors may determine. Pending a decision on the valuation of the Bank's capital stock, payment for the additional subscribed shares will be made, at the option of the subscribing member, on the basis of (1) \$12,063,50 per share, or (1) \$DR 10,000 per share, translated into correncies at exchange rates prevailing either on the dates on which payments are due or as at 30th September, 1982. The dollar equivalent value of subscriptions relating to the third general capital Increase cannot be determined at this time.

The Charter also provides that, at the request of a member, the Board of Governors may authorise an increase in the subscription of such member on an individual basis; however, in such cases no increase can be authorised tieb would have the effect of reducing the percentage of capital stock held by regional members below 60 per cent. of the total subscribed capital

SUMMARY OF INCOME AND EXPENSES - ORDINARY CAPITAL RESOURCES

ng summary of income and expenses relating to the ordinary urces of the Bank for each of the five years in the period ended ber, 1982 has been derived from financial statements examined Haskins & Sells, independent auditors, whose opinion thereon is

All Stock so purchased or applied will be cancelled and will not be reissued Within 21 days of each Interest Payment Date, the Bank will announce the nominal amount of Stock cancelled pursuant to this sub-paragraph (b) during the six months preceding such Interest Payment Date and the period in respect of which such cancellations were effected.

(c) Purchases

The Bank may at any time purchase Stock on The Stock Exchange (or any other stock exchange on which the Stock is listed for the time being) or by Icader (available to all holders of Stock alike) at any price or by private treaty at a price texclusive of accrued interest and all costs of purchase) not exceeding 115 per cent. of the middle market quotation of the Stock on The Stock Exchange (or, failing such quotation, on such other stock exchange on which the Stock is listed for the time being) at the close of husiness on the last business day before the date of purchase, but save as aforesaid the Bank may not purchase aoy Stock. The Bank will be entitled to hold and deal with the Stock, which may or may not be cancelled as the Bank thinks fit.

In the case of Registered Stock, payments of principol and interest will be made in pounds sterling by warrants, drawn on a Town Clearing Branch of a bank in the City of London, which will be sent at the holders' risk by post to persons who are registered as holders of Stock at the close of husiness on the relevant Record Date or to their nominated agents and made poyable to such holders or as they may direct. In the case of joint holders, the warrant will be sent to the first-named unless instructions to the contrary are given in writing, The "Record Date" shall mean the thirtieth day before an Interest Payment Date but should such thirtieth day fall on a day on which a specified affice of the Registrar is not open for business then the Record Date shall mean the first day thereafter on which such specified office is open for husiness

In the case of Bearer Bonds, payments of principal will only be made against surrender of the Bearer Bonds and, subject as mentioned below, payments of interest will only be made against surrender of Coupons at the specified office of any Paying Agent by a cheque in pounds sterling drawn on, or by Iransfer to an account maintained by the payee with, a bank in London, subject in each case to any laws or regulations applicable thereto. However, no Paying Agent to the United Kingdom shall, unless the Bank notifies holders of Stock to the contrary in accordance with "Notices" below, make any payment of interest against presentation of Coupons.

Bearer Bonds should be surrendered for redemption together with all unmatured Coupons, failing which the face value of any missing unmatured Coupon (or, in the case of partial partial payment in respect of any Bearer Bond being made, the proportion of such face value which the amount of the partial payment bears to the nominal amount of the Bearer Bond) will be deducted from the principal som doe for payment. Any amounts of principal so dedocted will be paid in the manner mentioned in the preceding paragraph against surrender of the relevant missing Coupons at any time before the expiry of a perind of 10 years after the duc date for redemption, whether or not such Coupons would otherwise become void pursuant to "Prescription" below.

If the due date for payment of any amount of principal or interest to respect of any Bearer Bond or Coupon is not a business day, then the holder thereof shall not be entitled to payment of such omount until the next following business day and shall not be ontitled to any further interest or other payment in respect of any such delay. Io this paragraph "Payments", the expression "business day" means any day on which banks are open for business in the place where the specified office of the Paying Agent at which he present any barries of the paying Agent at which the Bearer Bond or Coupon is presented for payment is situated and (in the case of payment by transfer to an account maintained by the payee in London as referred to above) on which dealings in pounds sterling may be carried on both in London and in such place.

The Bank will at all times maintain a Paying Agent in London and in al least one country in Europe other that the United Kingdom. Holders of Stock will be notified in accordance with "Notices" below of the replacement of any Paying Agent, a change in its specified office or the oppointment of any additional paying agent. The initial Paying Agents and their specified offices are Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Stream Loyder BC2N 1A11 Morean Guaranty Trust Company of New Street, Loadon EC2N IAU, Morgan Guaranty Trust Company of New York, 35 Avenue des Arts, B-1040 Brussels, Belgium, and Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, P.O. Box 1108, Luxembourg.

The Stock, in both registered and bearer forms, will be eligible to be dealt in on The Stock Exchange in the Gilt-edged market and will normally be traded for settlement and delivery on the dealing day after the date of the transaction. The price of the Stock will be quoted inelasive of accrued interest.

It is expected that dealings in the Stock on The Stock Exchange will begin on Friday. 24th February, 1984 without documents of title and at seller's risk for deferred settlement on Thursday, 1st March, 1984.

Correct United Kingdom Taxation and Stamp Duty

Interest on the Stock paid as provided herein is payable without deduction of United Kingdom income tax. In the case of Registered Stock the Registrar will, on the occasion of each interest payment, supply the Inland Revenue with the names and addresses of the holders of the Registered Stock to whom interest is due, the amount of Registered Stock beld by them, the names and addresses of any other persons to whom interest is paid on the instructions of such holders and the amount of interest paid to each such person

The United Kingdom Inland Revenue have confirmed that, notwithstanding that the issue price of the Stock will be below its nominal value, under current law no part of that nominal value paid on redemption of the Registered Stock or the Bearer Bonds in 2009 for upon the Stock becoming redeemable following an event of default pursuant to the provisions set out ander "Events of Default" above; will be treated as subject to United Kingdom tax as income texcept where the recipient is a person holding the Stock as a dealer for United Kingdom tax purposes). They have also confirmed that, under current law, on a disposal of the Stock in the open matter they have a factor that for the stock in the open market by a holder of the Stock (other than a person holding the Stock as a dealer for United Kingdom tax purposes, but including any disposal on a purchase made by the Bank or the Purchase Agent pursuant to the provisions set out under "Redemption and Purchase" above), no part of the disposal proceeds received will be subject to tax as income

Applicants for the Stock should be aware that, following the publication of "Deep Discounted Sceurites" was published by the United Kingdom Inland Revenue in December 1983, with a proposal that this legislation be included in the 1984 Finance Bill. The Inland Revenue have confirmed that, if legislation should be enacted in the form of the draft legislation, the United Kingdom tax position on a redemption or disposal of the Stock will remain as outlined in the preceding paragraph.

Applicants for the Stock who are uncertain as to the current or future United Kingdom tax treatment resulting from the issue of the Stock at a price below its nominal value, or as to the treatment under the revenue laws of other jurisdictions, should consult their professional advisers.

Holders of the Stock who are liable to United Kingdom taxation on capital gains should note that the provision in section 67 of the Capital Gains Tax Act 1979 which exempts from taxation capital gains on Gilt-edged securities (as defined for such purposes) beld for more than 12 months does not anyther to the Stock. not apply to the Stock.

Under current United Kingdom law, transfers of Stock are free of United Kingdom stamp duty.

Trustee Status

Registered Stock, when listed, will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Investment by trustees in Bearer Bonds is subject to the provisions of section 7 of the Trustee Act 1925.

ASIAN DEVELOPMENT BANK

The Asian Development Bank (the "Bank"), an International financial organisation, was established in 1966 and operates onder the Agrocement Establishing The Asian Development Bank (the "Charter") which is binding upon the 45 member countries currently comprising its share-holders.

The purpose of the Bank is to foster economic growth and co-operation in Asia and the Pacifie (the "region") and to contribute to the economic development of the developing member countries in the region.

(1) Includes unamortised discourse and premiums of \$10.0 million on inter-obligations, and current maturities of \$1.21 2 million.

- [2] For additional information regarding borrowings and the Bank's practice of making lotus in burrowed currenties, see "Borrowing and Liquiday Policies and Investment Proclams" Below. [3] See Note 3 to Appendix V.
- (4) Comprises \$49.9 million transferred to Special Funds for special operations and \$16: 4 million of paid-in capital subscribed but not due. (5) After deducting accumulated translation adjustments of \$76.9 million and adding advance payments on subscriptions of \$0.3 million.

CAPITAL STOCK

Under the Charter, the capital stock of the Bark and the subscriptions of members are expressed in terms of the United States dollar of the weight and fincness in effect on 31st January, 1966 (the "1966 dollar"). Until 31st March, 1978, the 1966 dollar was translated by the Bank into eurrent United States dollars on the basis of the par value of the United States dollar notified to the International Monetary Fund (the "1MF"). On that basis, the 1966 dollar equalled \$1.20635 as at 31st March, 1978. On 1st April, 1978, amendments to the IMF's Articles of Agreement were brought into force as a result of which currencies no longer have por values, gold was abolished as a common denominator of the monetary system and all calculations for purposes of the IMF's Articles of Agreement are made on the basis of the Special Drawing Right (the "SDR"). the basis of the Special Drawing Right (the "SDR").

The Bank is considering the effect of the amendments to the IMF's Articles of Agreement on the denomination and valuation of the Bank's capital stock and the rights and obligations of members with respect thereto. Pen and the rights and obligations of members will respect thereto. Pending a decision on these matters, the Bank has been preparing its financial stotements hy valuing its share capital on the basis of a substitution of 1 SDR for each 1966 dollar, expressing the mount of its capital stock and subscriptions in current dollars on the basis of the SDR/dollar conversion to the basis of the SDR/dollar conversion. ing a rate published by the IMF from time to time. As at 31st December, 1983, such value of | SDR was \$1.04695.

The Charter contains provisions under which a member is required to pay to the Bank additional amounts of its currency to maiotain the value of the Bank's holdings in such currency (except those derived from borrowings and from contributions to Special Funds) and the Bank is required to pay to the member amounts of its currency necessary to adjust such value, io each case up to the amount of the member's paid-in capital. Pending a decision on the denomination and valuation of the Bank's capital, the Bank has suspended the implementation of these provisions.

As at 31st December, 1983, the authorised capital stock of the Bank was cquivalent to \$15,461.4 million (\$17,815.5 million if each share were valued at \$12,063.501, of which an amount of \$11,509.9 million (\$13,262.4 million) had been subscribed by members. Approximately 14.4 per cent, of such subscriptions represented paid-io capital and approximately 85.6 per cent. callable capital.

PAID-IN CAPITAL

As at 31st December, 1983, \$1.6 per cent. of the total paid in capital of the Bank was paid or payable to gold or convertible currencies, and 18.4 per cent, in the currencies of members with non-convertible currencies. In determining whether a currency is convertible for these purposes, the practice of the Bank is to deem as convertible the currencies of those

sewhere in this Prospectus. The summary of income and r the year ended 31st December, 1983 is unaudited; in the the management of the Bank such anaudited summary fairly results for the year. The summary should be read in with the financial statements and related notes appearing in I to VII.

	Year ended 31st December.					
	1978	1979	1980	1981	1982	1983 (annutrati
			housand	s of dolla	rs)	·
Gross Income	. 214,563	260,323	309,036	347,055	413,672	471,983
Expenses Interest and oth financial expenses . Administrative		126,258	142,408	157,676	202,731	262,934
expenses (Note I) Services to memb	. 14,524	15,423	19,592	27,910	35,086	34,458
countries (Note 2)	1,087	495 240		.502	1.017	1,035
Gross Expenses	. 127,240	142,416	163,205	186,038	238,834	298,427
Net Income	87,323	117,907	145,831	160,967	174,838	179,556
Notes:— {\} Net of adminis	instion charg	r 10 Ser		Trent light	Such ad	laitta dan

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charges for each of the six years ended 31st December, 1933 were (in thousands) \$10,308,\$15,423,\$20,208,\$25,U&,\$27,410 and \$35.690 respectively. (7) Represents charges for technical Technical Assistance "below.) KEL (See "Ope

OPERATIONS OF THE BANK

LENDING POLICIES

The Bank is authorised under the Charter to make, participate in, or guarantoc loans to its daveloping member countries or their governments, to any of their agencies or political subdivisions, and to public or privele enterprises aperating within such countries, as well as to international or regional entities concerned with economic development in the region. Such regional entities concerned with economic development in the region, such loans are made only for projects of high developmental priority. The Bank provides financing to its borrowers to cover foreign exchange expenditures incurred in projects and also finances local expenditures to a limited extent incurred in projects and also linances local expenditures to a limited extent in certain cases. Ordinary operations loais are denominated in United States dollars and are disbursed in various currencies. Since lat January, 1983, the amounts of special operations loans have been denominated in SDR for the purpose of commitment, but are also disbursed in various currencies. The Bank requires its borrowers to bear exchange risks this hundring in the table of the currencies which it has attributable to fluctuations in the value of the currencies which it has disbursed.

In evaluating the projects that it may onance, the Bank considers such factors as economic, technical and financial feasibility; effect on the general development activity of the country concerned; contribution to the remova of impediments to economic development; capacity of the borrowing country to service additional external debt; effect on domestic savings: country to service additional external deot; enect on domestic savings; balance of payments effects; impact of new technologies on productivity; and expansion of employment opportunities. In response to regional needs ond the changing world situation, the Bank has increasingly emphasised loans for expanded food production, for the development of indigenous energy resources and for projects with direct income distribution and social banafits

In considering an application for a loan, the Bank pays due regard to the ability of the borrower to obtain financing clowhere on terms and conditions that the Bank considers reasonable. In the case of loans to borrowers other than member countries or their governments, the Bank may require that the member countries or their governments guarantee the loan. All currently outstanding loans to borrowers other than member countries or their governments are so guaranteed, with the exception of two joins to a member's central bank.

Except in special circumstances, the Bank requires that the proceeds of each loan be used by the borrower only for procurement of goods and services produced io member countries and required for the project being financed. The Bank supervises the disbursement of its loans in ensure that the proceeds are applied only against project expenditures as incurred, it generally insists that borrowers seek competitive bids from potential suppliers, that engineering plans and specifications be drawn up independently of the suppliers or manufacturers and, if oppropriate, that indepen-dent consultants be retained by borrowers.

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هكذا متالتكل

The Bank is empowered by the Charter, under certain conditions, to guarantee, as primary or secondary obligor, ioans for economic develop-ment projects in which the Bank olso participates as a fender. To date, the Bank has not extended any such guarantee.

The Bank is also empowered, under certaio conditions, to make equity the bank is also empowered, under contain containors, to make equity restments. As at 31st December, 1983, the Bank had approved two such equity investments aggregating \$3.0 million.

ORDINARY OPERATIONS

Ordinary Operations Loans

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Under the Charter, the total amount of loan commitments ontstanding plus equity investments and guarantees made by the Bank in its ordinary operations may not at any time exceed the total amount of its unimpaired subscribed capital, reserves and surplus included io its ordinary capital resources, exclusive of a Special Reserve for meeting hobilities of the Bank on its borrowings and guarantees and other reserves not available for ordinary operations.

Between its establishment and 31st December, 1983, the Bank had opproved 375 loans from its ordinary capital resources for projects in 16 developing member countries, io an aggregate principal amount of approxi-mately 59,173.7 million, including technical assistance loans refinanced in subsequent loans, of which \$4,157.6 million had been disbursed.

A breakdown by sector of the Bank's total ordinary operations loans opproved and effective as at 31st December, 1983 is us follows:---

Total Loans Approved Total Effective Loans

	to 31 st Decem	ber, 1983	as at 31st December, 1983		
Sector	Amount	Per cent	Amount(2)	Per cent.	
	(millions of dollars)		(millions of dollars)		
Energy	2,537.3	27.7	1,949.6	29.0	
industry Trausport and communi-	1,883.3	20.5	1,443.2	21.5	
cations	1,439.8	15.7	1,211.9	18.0	
Woter supply	925.5	10.1	689.6	10.3	
Industry and non-fact minerals	357.5	3.9	163.6	2.4	
Urban development	286.1	3.1	234.8	3.5	
Education	325.8	3.6	194.2	2.9	
Health and population Development banks	76.3	0.8	69.4	1.0	
(Note 1)	1,342.1	14.6	762_4	11.4	
Totaj	9,173.7	100.0	6,718.7	100.0	

[1] Loans to development banks in member countries which are re-loaned to finance su

(2) After deducting adjustments argregating 3231.2 million to reflect, in United States dollar equivalents, home disbursed in currences other than United States dollars and still, outstanding in other currences. Such adjustments arise from changes in exchange rates between the date of dobursement of these disbursed and outstanding currences and 31st December, 1083. These loans are repopulse to the Bank in the same currencies in which they are disbursed.

The Bank's loans cover only portions of the total costs of the projects it finances, including in certain cases interest and other charges incurred during construction. Projects directly financed by the Bank from its ordinary capital resources with loans approved op to 31st December, 1983, were estimated, at the time of their respective approvals, to have a total aggregate cost of approximately \$18,169.6 million, of which approximately 40 per cent. was to be 6nanced by the Bank. Is addition, the Bank has made loans through national development banks for projects for which substantial local resources must also be made available.

The maturities of the loans extended by the Bank from its ordinary capital resources range between 10 and 30 years, including grace periods with respect to the repayment of principal ranging between two and seven years. The average life of loans committed at 31st December, 1983 was 11.22 years. As at 31st December, 1983, the maturity structure of the Bank's effective loans are follow: effective loans was as follows:-

Maturing						Total Effective Loans as at 31st December, 1983 (millions of dollars)
1984/1988						1.283.6
[989/1993						1,789.7
1994/1998	••		••			1.920.7
1999/2003	••	••	••	••	••	
1999/2003	••	••	••	••	••	1,420.7
2004/2008			••		••	513_3
2009/2013	••	••	••	••	••	41.2
						6,969.2
Less-adjustme	nts (Noi	.n	••	• •.		250.5
Total			· .:			6,718.7
Note:-						

Represents translation adjustments of \$231.2 million and concellations and propay ment of \$19.5 million which have not been allocated to specific materities. and the second second

Loan Loss Experience

Asian Development Fund

The Asian Development Fund (the "ADF") is the Special Fund for financing special operations loans on concessional terms. It is the current policy of the Bank to extend AOF loans only to those developing member countries having a low per capita GNP and limited external debt repayment capacity in comparison with other developing member countries. ADF loans bear only a service charge of 1 per cent. per annum on outstanding amounts and require repayment over a 40-year period (including 10 years of grace with respect to priocipal repayments) with the exception of certain loans extended to enhance existing production facilities in high priority sectors which ore repayable over a 25-year period (includiog oight years of grace with respect to principal repayments).

As at 31st December, 1993, the aggregate resources of the ADF committed to ADF loans and available for loan commitments amounted to \$4,207.3 million, consisting of \$4,000.1 million contributed by member countries, \$49.8 million set aside by the Board of Governors from ordinary resources, \$1.52.3 million of accumulated income (net of \$19.3 million of accumulated translation adjustments) and \$5.1 million of other resources.

TECHNICAL ASSISTANCE

The Bank is authorised to meet requests from member countries for lechnical assistance in such fields as the preparation and evaluation of specific development projects, the preparation and execution of development plans and the creation of new institutions and the strengthening of existing institutions serving agriculture, industry and public administration. Recipients of technical assistance moy be governments or any of the other enuities authorised to receive Bank loans. The technical assistance extended by the Bank may be either on a grant or a loan basis.

The Charter limits the funds which may be drawn opon to provide technical assistance on a grant basis to the omount of the Bank's net income from ordinary operations plus any Special Funds resources (including net income from special operations) available for such purposes.

As at 31st December, 1983, the Bank had received from its members a total of \$63.1 million in contributions and commitments for contributions to its or so.1 minion in contributions and commitments for contributions to its Technical Assistance Special Fund. As at that date, technical assistance grants in a total amount of \$44.3 million had been financed from the Technical Assistanor Special Fund while the cumulative amount of such grants financed from the Bank's net income was \$14.1 million. Total technical assistance approved by the Bank until that date amounted to approximotely \$147.3 million, incloding omounts ofministered by the Bank on behalf of other entities. Such assistance has been approved for 26 of the Bank's developing member couotries and for certaio regional activities.

RELATIONS WITH OTHER DEVELOPMENT ORGANISATIONS AND CO-FINANCING

The Bank maiotaius close relations with other international development organisations and acts as administrator for, or has made joint financing arrangements with, several multilateral and bilateral development agencies in conoection with a number of projects in the region. The Bank has also been joined by commerciat banks in co-financing several projects in the region, and expects to promote increased commercial co-6nancing.

BORROWING AND LIQUIDITY POLICIES AND INVESTMENT PRACTICES

The Charter authorises the Bank to supplement its ordinary capital resources by raising funds through borrowings in member countries or elsewhere. Under the Charter, the Bank must obtain the approval of tho elsewhere. Under the Charter, the Bank must obtain the approval of the country in which the Bank's obligations are to be sold, as well as of aoy member country in whose eurrency such obligations are to be denominated, and the Bank must also obtain the approval of soeb countries that the proceeds of such borrowings may be exchanged for the currency of any member without restriction. The Charter also requires the Bank, before determining to sell its obligations in a particular country, to consider the amount of previous borrowings in that cooolry and the amount of previous borrowings and the availability of funds to other countries, adhering to the investment of the subscience of the source of the set of country of general principle that its borrowings should be diversified as to country of borrowing. Proceeds of borrowings are loaned or invested in the same eurrencies in which they are borrowed so that the Bank does not maintain a currency position whereby it could realise a gain or a loss on exchange.

The Bank has previously borrowed in the capital markets of Austria, Belgium, the Federal Republic of Germany, Italy, Japan, Kowait, Luxem-bourg, the Netherlands, Saudi Arahia, Switzerland, the United Arah Emirates and the United States as well as in international capital markets aod from certain governments and central banks of member countries. The Bank expects to continue to raise funds for its ordinary operations through the issue and sale of debt obligations in national and international markets, as conditions permit.

The average life of the Bank's outstanding borrowings at the end of each of the four years ended 31st December, 1983 was 5.78 years, 7.03 years, 7.41 years and 7.72 years respectively. As at 31st December, 1983, the maturity structure of the Bank's outstanding borrowings was as follows:---

Maturing			Capital market borrowings_	Borrowings from official sources()	Total
			In	illions of dolla	
1984/1988		••	582.5	161.2	743.7
989/1993			2.049.9	103.7	2.153.6
1994/1998			757.6		757.6
1999/2003		••	51.9	-	51.9
. Total	••	••	3,441.9	264.9	3,706.8(.)

Reserves

The Bank's reserves have developed as follows:---

		Year ended 31st December,								
		1978	1979	1980	1981	1982	1983 (unandored)			
		(millions of dollars)								
Ordinary Reserve	8				-					
(Note 11	••	254.7	351.5	487_3	651.7	817.I	981.7			
Special Reserve	••	42.5	59.3	78.6	99 .9	123.3	151.3			
Total Reserves	••	297.2	410.8	565.9	751.6	940.4	1,133.0			
Total Reserves	••	297.2	410.8	565.9	751.6	940.4	1,133			

(i) Including net income corresponding period. issions to Special Re

ADMINISTRATION

The Charter provides that the Bank shall have a Board of Governors, a Board of Directors, a President, one or more Vice-Presidents and such other officers and staff as may be considered necessary.

All powers of the Bank are vested in the Board of Governors which consists of one Governor and one Alternate Governor oppointed by cach member country. Each Governor or in his absence, his Alternate, exercises the voting power to which the member country is entitled. The Board of Governors holds ao annual meeting and such other meetings as may be provided for by the Board of Governors or called by the Board of Directors.

The responsibility for the direction of the general operations of the Bank rests with the Board of Directors, the members of which serve full time at the Bank's principal office. The Board of Oirectors has 12 members of whom eight are elected by the Governors representing regional members and four are elected by the Governors representing non-regional members. The Board of Governors has delegated to the Board of Directors all its powers except those where delegation is expressly forbidden by the Charter. Each Director is entitled to cast the number of votes that counted towards his election, which votes need not be cast as a unit. Directors hold office for a term of two yests and may he re-elected. Each Director appoints an Alternate Director to act for him in his absence.

Matters before the Board of Governors or the Board of Directors are decided by a majority of the total voting power of the members represented at the meeting, except in certain cases provided in the Charter in which a higher percentage is required.

higher percentage is required. The President, who must be o national of a regional member country, is elected by the Board of Governors. His term of office is five years, and he may be re-elected. The President is the Chairmao of the Board of Directors but has no vote except a deciding vote in the case of an equal division. The President, while holding office, may not be a Governor or n Director or an Alternate for either. The President is the legal representative of the Bank. Under the direction of the Board of Directors, he conducts the current business of the Bank and is its chief of staff. He is responsible for the organisation, appointment and dismissal of the officers. The Vice President are appointed by the Board of Directors.

The Vice-Presidents are appointed hy the Board of Directors on the recommendation of the President. Each Vice-President holds office for such administration of the Bank as may be determined by the Board of Directors. In the absence or incapacity of the President, the ranking Vice-President exercises the outhority and performs the functions of the President.

BOARD OF DIRECTORS

The following is a list as at 1st February, 1984 of the members of the Board of Directors of the Bank, their Alternates and the member countries which they represent:-

Directors	Alternates	Members Represented (1)
Panl Kothling (Federal Republic of Germany)	Jobn Machin (United Kingdom)	Austria, Federal Republic of Germany, United Kingdom
John A. Boho, Jr. (United States)	Donald R. Sherk (United States)	United States
Hoon-Mok Chung (Korea)	John Natera (Papua New Guinea)	Republic of China, Republic of Korea, Papua New Guinea, Vanuatu
N. W. Davey (Australia)	Kai Detto (Australia)	Australia, Hong Kong, Kiribati, Solomon Islands
Sofjan Djajawinata, (Indonesia)	R. C. W. Hamilton (New Zealand)	Cook Islands, Fiji, Indonesia, New Zealand, Tonga, Western Samoa
Alan F. Gill (Canada)	Robert P. J. de Koning (Netherlands)	Canada, Denmark, Finland, Netherlands, Norway, Sweden
Le Ouc Van (Viet Nam)	Ronnie Weerakoon (Sri Lanka)	Democratic Republic of Afghanistan, Lao People's Democratic Republic, Maldives, Democratic Socialist Republic of Sri Lanka, Socialist Republic of Viet Nam
Tunku Abdul Malek (Molaysia)	Kawee Keereepart (Thailand)	Burma, Malaysia, Nepal, Singapore, Thailand
A. Melchor, Jr. (Philippines)	N. M. Qureshi (Pakistan)	Pakistan, Philippines
Minoru Obashi (Jopan)	Takashi Taniguchi (Japan)	Japan
G. Ramachandran (India)	K. F. Rabman (Bongladesh)	Bangladesh, Bhutan, India
Thierry Rosset (France)	Gino Alzetta (Belgium)	Belgium, France, Italy. Switzerland

THE CHARTER

The Charter is the Bank's governing constitution. It establishes the status, immunities, exemptions and privileges of the Bank; describes its purposes, capital structure and organisation; aothorises the operations to which the Bank may engage: and prescribes limitations on the carrying on of those operations. The Charter also contains, among mher things, provisions with respect to the admission of additional members, increases of the authorised capital stock, the terms and conditions under which the Bank may make or guarantee loans, the use of currencies held by it, the withdrawal and suspension of members, and the suspension and termination of the Bank's operations

operations. Under the Charter, membership of the Bank is open to (i) members and associata members of the United Nations Economic Commission for Asio and the Far East (now called the United Nations Economic and Social Commission for Asia and the Pacific); and (ii) other regional countries and non-regional developed countries which are members of the United Nations or of uny of its specialised upencies. Within the foregoing limitations, new members may be admitted upon the vote of two thirds of the total number of Governors representing not less than three quarters of the total number of Governors representing not less than three quarters of the total number of Governors hall be nutborised which would have the effect of reducing the percentage of capital stock held by regional members below 60 per cent. of the total subscribed capital stock. Although any member may withdraw from the Bank by delivering written notice, any such member remains liable for all direct and contingent obligations to the Bank to which it was subject at the date of delivery of such notice. No member has withdrawa from the Bank since its establishment.

The Charter may be amended only by resolution of the Board of Governors The Charter may be amended only by resolution of the Board of Governors approved by a two thirds majority of the total number of Governors representing not less than three quarters of the total voting power of the members. The unanimous agreement of the Board of Governors is required for the approval of any unendments modifying the right to withdraw from the Bank, the pre-emplive rights to purchase capital stock or the limitation on liability of members. The Charter provides that aoy question of interpretation of its provisions arising between any member and the Bank or between the Bank's members shall be submitted to the Board of Directors for decision. Such decision may then be submitted to the Board of Governors, whose decision shall be final.

LEGAL STATUS

The Charter contains provisions which accord to the Bank legal status and certaio immonities and privileges in the territories of each of its members. The following is 0 summary of the more important of these provisions:---

The following is o administly of the mate important of material proceedings. It is immovable and movable property and to institute legal proceedings. It is immune from every form of legal process, except in cases arising out of or in connection with the exercise of its powers to borrow money, to guarantee obligations, or to buy ond sell or underwrite the sale of securities, in which cases actions may be brought against the Bank to a court of competent jurisdiction in the territory of a country in which it has its principal or a hranch office, has appointed an agent for accepting service or notice of process, or has issued or guaranteed securities. No action against the Bank may be brought by its members or persons acting for or deriving cloims from its members.

The Governors, Alternate Governors, Directors, Alternate Directors, officers and employees of the Bank, including experts performing missions for it, are immune from legal process for acts performed by them in their official capacities, except when the Bank waives such immunity.

The property ond assets of the Bank are immune from all forms of seizure, attachment or execution before the delivery of final judgment against it. Such property and assets are also immone from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action. The archives of the Bank are loviolable.

The Bank and its assets, property, income and its operations and transactions are exempt from all taxation and from all customs doties. The Bank is also exempt from any obligation for the payment, withhold collection of any tax or duty.

No tax of ony kind shall be levied on any obligation or security issued by the Bank, including any dividend or interest thereon, by whomsoever held .-

(o) which discriminates against such obligation or security solely because it is issued by the Bank; or

(b) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.

SCHEDULE OF FINANCIAL STATEMENTS - ORDINARY CAPITAL RESOURCES

Statement of fncome and Expenses for the 6ve years ended 31st December, 1982 and (unaudited) the year ended 31st December, 1983.

Statement of Changes in Financial Position for the five years ended 31st December, 1982 and (unaudited) the year ended 31st December, 1983. Balance Sheet as at 31st December, 1982 and (unaudited) 31st December,

1983. Summary Statement of Loans as at 31st December, 1982 and (unaudited) 3 ist December, 1983.

Summary Statement of Borrowings as at 31st December, 1982 and

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The Bank has not suffered any loan losses in its ordinary operations to date and follows a policy of not taking part in debt rescheduling agreements. Occasional delays have occurred in loan service payments but these have not been material to the Bank's operations.

Loss Charges, Special Reserve and Return on Average Earning Assets Loss Charges, Special Reserve and Return on Average Laming Assets In its ordinary operations, the Bank's policy is periodically to set interest rates at levels which broadly reflect the cost of its borrowings, administrative expenses and its long-term income policies. Interest is charged only from the time of disbursement and remains at a fixed rate throughout the hife of each loao. The Bank's ordinary operations lending rate has varied from 6 per cent, to 11 per cent. The rate is reviewed at least annually by the Board of Directors, On 9th Jone, 1983, the Board of Directors approved a new ding rate of 10% per cent. applicable to all loans opproved from 1st July, 1983.

The Bank charges o commission on direct loans made or participated io as The Bank charges o commission on direct loans made or participated io as part of its ordinary operations. The commission is charged on the amount of each lean outstanding and must be at o rate of not less than 1 per cent. per annum, unless the Bank decides to reduce this rate by a vote of two thirds of the members representing not less than three quarters of the total voting power of the members. Currently, the lending rate charged on loans includes a commission ot the rate of 1 per cent. per annum. The commission is credited to a Special Reserve for meeting liabilities of the Bank on its borrowings. As at 31st December, 1983, the Special Reserve amounted to \$151.3 million.

In addition to interest and commission, a commitment charge, currently 0.75 per cent. per annum, is levied on the undisbursed portion of loans.

For the years 1980 to 1983, the average interest rates on the Bank's loans, the return on average carning assets and the overage cost of the Bank's borrowings ond other funds were as follows:---

	Year ended 31st December.					
	1980	1981	1982	1983		
		(per	cent.)			
Average interest rate on loans approved to period (New 1) Average interest rate on disbursed and	8.79	9.99	11.90	10.56		
outstanding loans-end of period (Note 1)- Return on average earning assets (Note 2) Average cost of total borrowings	8.08 9.26	8.08 9.65	8.12 10.06	8,23 9,58		
outstanding and other funds ovail-	4.18	4.28	4.82	5.19		

of 1 per cent. per annum. but does not include commit (1) Includes charge of 0.75 per cent.

rest and net realized gains or lasses on investments.

d other expenses, inclusing ret amorization of disconner, prem d other expension, as a percentage of average total ordinary a able to the Bank komputed on the basis of month-red amount able to the Bank include horrowed funds, pud-in capital not trans its. Reserves and accumulated net income. (3) Consists of interest expenses, including net amortism istantage and other expenses, as a percentage of a

SPECIAL OPERATIONS

The Bank is authorised under the Charter to administer Special Fueds, the I be sank is approved in may be used in its special operations for gracting resources of which may be used in its special operations for gracting technical assistance and making loans with longer maturities, longer grace periods and lower interest rates than those established for ordinary operations. Projects financed from Special Funds are selected, oppraised and administered in the same manner as projects financed from ordinary

The resources of such Special Funds include voluntary contributions made The resources of special runds include volume ty control to the business income on Special Funds loans, income earned by investment of undisbursed Special Funds resources and omounts of unimpaired paid-in capital set aside to Special Funds by the Board of Governors. Such amounts set aside are limited by the Charter to 10 per cent. of the unimpaired paid-in tables. Special Funds currently consist of the Asian Development Fund with the Asian per Special Funds. and the Technical Assistance Special Fund.

Under the Charter, Special Funds resources must at all times be held and used entirely separately from the ordinary capital resources of the Baok. The Charter provides that the financial statements of the Bank shall show the ordinary operations and special operations separately and that the ordinary capital resources of the Bank may in no circumstances be charged with, or used to discharge, losses or liabilities arising out of special operations or other activities for which Special Funds resources were originally used or committed. Expenses of the Bank directly pertaining to special operations are charged to Special Funds resources, and administrative expenditures of the Bank are allocated between ordinary capital resources and Special Funds resources based on o formula which takes into consideration all administrative expenditores and the number of loans opproved.

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POLICY ON TOTAL BORROWING

POLICY ON TOTAL BORROWING It is the Bank's present policy not to enter into any new borrowing or guarantee chargeable to its ordinary capital resources if such borrowings or guarantee, when added to the outstanding borrowings and guarantees, would exceed the amount of the callable capital stock subscribed by the members whose eurrencies are convertible. These members, whose oggre-gate subscription to the callable capital was \$6,640.6 million as ot 31st December, 1983, currently include: Australia, Austria, Belgium, Canada, Cook Islands, Denmark, Fiji, Finland, France, the Federal Republie of Germany, Hong Kong, Italy, Japan, Kirlhati, Malaysia, the Netherlands, New Zealand, Norway, Papua New Guinea, Singapore, Solomona Islands, Sweden, Switzerland, the United Kingdom and the United States. As ot 31st December. 1983, the aggregate of outstandiog borrowings of the Bank was \$3,428.6 million, representing 52 per cent, of such callable capital.

LIOUIDITY POLICY AND INVESTMENT PRACTICES

The Bank's current liquidity policy calls for the planned liquidity of the Bank at the end of each year to be equivalent to 40 per cent. of the undisbursed loan balances at the end of that year. The Bank's cash (unrestricted), investments and Special Reserve Fund assets from its ordinary capital resources amounted to about \$2,303 million at 3tst December, 1983.

The Bank's investment activities are restricted to several ways. It is the Bank's policy to make investments in the same currencies in which funds are received. The Board of Directors of the Bank has prescribed investment received. The Board of Directors of the Bank has prescribed investment guidelines for the Bank which, subject to specific restrictions, limit the Bank's investments to (i) obligations issued or gueranceed by the govern-ments of member countries or by governmental agencies thereof, (ii) time deposits and other unconditional obligations of banks and governmeotal mooetary agencies in member countries, and (iii) obligations issued by specified multilateral development banks. Under the current investment guidelines, the Bank's investments are limited to maximum maturities of five years and three months from the date of purchase, with the exception that up to 20 per cent. of such investments may be made for maturities of up to 10 years from the date of purchase.

Within these restrictions, the Bank maintains investment practices designed to generate a favourable return while maintaining emphasis on security and liquidity. Returns on investmeots are subject to changes io market

FINANCIAL YEAR, ALLOCATION OF NET INCOME AND RESERVES

Financial Year

The financial year of the Bank is the calendar year.

Allocation of Net Income

The Board of Governors determines anoually what part of the Baok's net income, after making provision for reserves, shall be allocated to surplus and what part, if any, shall be distributed. The net income after appropriation of commissions to Special Reserve for the year ended 31st December, 1982 of \$151.4 million was allocated to full to the Ordinary Reserve of the Bank.

The net income for the year ended 31st December, 1993 is expected to be allocated in full to the Ordinary Reserve of the Bank and is so recorded in the 6gure for the Ordinary Reserve as at 31st December, 1983 in the table below. Similar allocations have previously been made in respect of net income for preceding years. If at ony time net income is distributed, such oistribution shall be made in proportion to the number of shares held by each member. To date, no dividends have been distributed to the member countries.

(1) Cambodia is not at present represented by any member of the Board of Directors

PRINCIPAL OFFICERS The principal officers of the Bank are as follows:-

Masao Fujioka					••	••	President	
A. T. Bambawate						Vic	e-President	
S. Staoley Katz				••			e-President	
Güother Schulz							-President	
Wilfred A. Vawdrey							Secretary	
Chun Pyo Jhong				••	••	Gene	al Counsel	
		••	••		· · · -			
Ernest A. Oestreicher							Department	
Akira Tsusaka 📖	••		Dire	ector, D	evelop	ment P	olicy Office	
B. M. Soeksmono	••		D	irector.	Agric	ulture L	Department	
Kunio Takase						tirector.	Irrigation	
			and	Rural L			Department	
Wolf D. Kluber		••	Dire	ctor, Ing	frastri	icture L	bepariment.	
Robert N. Bakley	••					Directo	r, Industry	
			and	Develop	ment	Banks L	Department	
Hiroo Fukui						Direct	or, Budget,	
	Por	istano?	and M	hann	ant Su		Department	
		Jornapi, I		-ingenne	Oy			
Edgar J. Roberts, Jr.			••				Treasurer	
Sciji Nayo 🛛 .		••				Chief	Economist	
Ronald G. Rose	••	••		••	••		Controller	

112 December, 1983.

Statement of Sobscriptions to Capital Stock, Subscription Entitlements ond Voting Power (unaudited) as at 31st December, 1983. Notes to Financial Statements.

OPINION OF INDEPENDENT AUDITORS

Asian Development Bank:----

We have examined the 6nancial statements of Asian Developm Bank — Ordinary Capital Resources which are listed hereunder;—

	Appendix
Statement of Income and Expenses for the five years ended 31st December, 1982	ĩ
Statement of Changes in Financial Position for the five years ended 31st December, 1982	π
Balance Sheet, 31st December, 1982	лı
Summary Statement of Loans as at 31st December, 1982	1V
Summary Statement of Borrowings as ot 31st December, 1982	v
Notes to Financial Statements	VII
Our examinations were made in accordance with generally	

Ou records and such other auditing procedures as we considered nece

Io our opinion, such financial statements present fairly the financial pos of Asian Development Bank – Ordinary Capital Resources at 31st December, 1982, and the results of its operations and the changes in its financial position for each of the five years in the period then ended, in conformity with generally accepted accounting principles applied on a consistent basis

DELOITTE HASKINS & SELLS New York, N.Y. 25th February, 1983

APPENDIX I

 $V > \alpha$

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES STATEMENT OF INCOME AND EXPENSES

FOR THE FIVE YEARS ENDED 31ST DECEMBER, 1982 AND (UNAUDITED) THE YEAR ENDED 31ST DECEMBER, 1983

									1978	1979	1980	1981	1982	1983
											thousands of	lollors-Note	A)	
Income													,	
From loans:														
Interest			••		••		••		94,402	117,394	135,850	150,223	165,469	200.199
Commissions									13,728	16.817	19,299	21,299	23,403	28.002
Commitment								••	8,279	12,448	15.655	19,404	24,458	27,543
Fram investment	S INale C							••	96,037	113,208	136,440	155,489	199,122	218,283
From other source							••		2,117	456	1,792	640	1.220	3,956
Gross Income		••	••	••	••	••	••	••	214,563	260,323	309,036	347,055	413,672	477,983
Expenses														
Interest ond othe	r financi	al exce	nses //	Votes A au	417				111,629	126,258	142,408	157.676	202,731	262,934
Administrative c									14,524	15,423	19,592	27,910	35,086	34,458
Services to memb									1,087	495	1,205	502	1,017	1,035
Other expenses										240				1000
Charles Caponeo			••			••	••	••						
Gross Expenses			_						127,240	142,416	163,205	186,088	238,834	298,427
01035 CAPLERS	••	••	••	••	••	••	••	••				100,000		<u>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>
Net Income						-			87,323	117,907	145,831	160,967	174,838	179,556
	••	••	••	••	••		••		01,525	1.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		100,001	174,630	179,230
Appropriation of C	ommiss	ions to S	Special	Reserve	e (Notr G	,	••		(13,728)	(16,817)	(19,299)	(21,299)	(23,403)	(28,002)
Net Income after /			Com	nincione	to Snee	int Rese		- 71	73,595	101,090	126,532	139.668	161 476	151 664
LACT TRACTOR OF ALL VIEW			~~~		an Opec		te de l'iste	<i></i>	10,090	101,070	120,332	133,000	151,435	151,554
													the second se	and the second se

The accompanying notes to financial statements (Appendix VII) are an integral part of this statement.



Development

APPENDIX II

APPENDIX III

1983

3,613.015

101,538

1982

2,809,894

52,172 16,268

LIABILITIES, CAPITAL AND RESERVES

55,898 Undisbursed Balances of Effective Loans (See Appendix 10]

(See Appendix V) Less - unamortised discounts and premlums on julerest-bearing bonds and notes

Accounts Payable and Other Liabi-lities Notional amounts required to main-tain value of currency holdings

••

••

..

••

(Note E) Miscellaneous

(thousonds of dollars - Note A)

3,428,637

92,531 68,440 14,014 106,545

9,181 2,800,713 11,047 3,417,590

3,352,075

87,823

ASIAN DEVELOPMENT BANK -- ORDINARY CAPITAL RESOURCES STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FIVE YEARS ENDED 31ST DECEMBER, 1982 AND (UNAUDITED) THE YEAR ENDED 31ST DECEMBER, 1983

	1978	1979	1980	1981	1982	1983
•		(Ił	iousands of de	llars—Note A	y	
Funds were provided by			-		-	
Operations						
Net income	87,323	117.907	145,831	160,967	174,838	179,556
Items not requiring or providing funds:— Accrued interest and other expenses	11,229	4,694	5,750	15,358	20,232	15,525
Accrued income including capitalised interest and commitmeet	(34,437)	(31,475)	(19,465)	(29,447)	(31,455)	(18,701)
charges on loans	(10,308)	(15.423)	(20.268)	(25,118)	(27,410)	(35,690)
Administration Charge (Note F) Commissions Itransferred to Special Reserve Fund assets)	(13,728)	(16,817)	119,299)	(21,299)	(23,403)	(28,002)
	2,061	2,541	2,565	3,095	10,368	21.660
	42,140	61,427	95,114	103.554	123,170	134,345
	350.502	328.643	325.398	795.924	894.587	974.666
Borrowings	126,988	127.327	121.784	122.784	6,824	36.280
Capital subscriptions	40,171	40.989	5.105	2.953	6,818	32.755
Loans collected	70.542	93.862	119,126	135.611	139,847	154,732
Loans sold	1,300	1,909		_		_
Administration Charge collected	8,852	12,682	19,493	31,078	28,743	26,084
Decrease (increase) in loans disbursed and outstanding as a result of currency revaluations	(180,323)	72,361	9,966	145,354	127,476	139,631
Decrease lincrease) in other assets as a result of enrrency	(1.1.0.50)				31 880	11 679
revaluations . Decrease (increase) in capital set aside and transferred to Asian	(11,052)	6,688	8,327	20,381	21,880	11,573
Development Fund due to substitution of the SDR for the 1966	(4,591)	(693)	1.996	5,306	2,897	2,674
dollar as unit of value Net credit (charge) to Ordinary Reserve due to substitution of the	(4,331)	(093)	1,990	-,500	2,037	-,0/4
SDR for the 1966 dollar as unit of value	(17,753)	(4.318)	9.345	24,698	13.974	13.027
Total	426.776	740.877	715.654	1.387.643	1.366.216	1.525,870
Funds were atilised for	<u> </u>	<u> </u>	<u> </u>	<u> </u>		
	277,219	346.669	415.856	501.657	598,940	697.601
Demand obligations of members received	55.046	71.455	65,284	69.405	3.361	19.282
Bonds purchased for redemption and borrowings redeemed	140,910	105,297	205,382	267.927	239,118	203.697
Net Iranslation adjustments	(32,804)	18,076	(5,301)	40.539	38,×61	33,142
Property, furniture and equipment acquired		· —		1,373	1,319	13,487
Decrease (increase) in borrowings as a result of currency						
revaluations	(195,552)	56,095	25,347	126,266	125,170	168,059
Decrease linercase) in matured and paid capital subscriptions due	(102.384)	(27.491)	43,165	146.620	84,668	79.108
to substitution of the SDR for the 1966 dollar as unit of value Net maintenance of value adjustments	73,961	68,403	(48,768)	(36,609)	7,635	(14,208)
Net maintenance of value adjustments	2,881	1.607	12,028	20,414	9,136	29,554
		<u> </u>	712,993	1,137,592	1,108,208	1.225.722
Total	219,277	640.111	-			-
Increase in Cash in Banks and Investments	207,499	100,765	2,661	250,051	258,008	300,148

The accompanying notes to financial statements (Appendix VII) are an integral part of this statement.

ASIAN DEVELOPMENT BANK-ORDINARY CAPITAL RESOURCES BALANCE SHEET AS AT 31ST DECEMBER, 1982 AND (UNAUDITED) AS AT 31ST DECEMBER, 1983

1983

SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING 1995 1087

Currency						1982	1983
Aestralia	s dollar					71,779	53,711
Austrian	Schilling	2				9.045	35.898
Belgian fr						379	322
Canadian	dollar					5,604	5,248
Danish kr						145	138
Drussche						583,457	766,781
Italian jir.						585	473
Japanese						1,013,641	1,230,422
Malaysian						31,562	34,122
Netheriza	ids cuild	er				29,910	20,078
New Zeal						7,868	6.907
Norwegia						4,085	3,407
Singapore						1.994	2,139
Swedish k	100:141		••	••	••	2,422	2,208
Pound ster			••	••	••	4,210	3,534
L nited St	ues doll					352,619	341,856
Swiss fran						654,436	821,755
Hong Kon			••	••	••	4.850	3,827
French fra			••	••	••	2,830	2,057
Lutembo		·	••	••	••	1,274	533
Kuwani d		•••	••		••	2,090	1,456
Saudi Ara	bian riv	al				1,956	1,400
	•					.,	
Adjustme alents of h		nice S	13165 0	NOUTEL EN	dau-	(103 313)	(221 202)
2160(2.0110	2112 0120	00:520	••	••	••	(102,212) ₁ 3	(231,202) p)
Total						2,684.629	3.105,670
	••	••	••	••	••		

APPENDIX IV cont

MATURITY STRUCTURE OF EFFECTIVE LOANS

Twelve Months Enderg Jist December, 1984 1985 1986 1987 1988	Amogenes 189,207 224,384 257,986 290,820 321,230	Fire Years Eading Jist December, 1993 2003 2003 2013 Undetermined	Arrowdd 1,789,670 1,920,667 1,420,670 513,336 41,188 (250,493) (4
		Total	6,718,685

proved in the first half and the second half of 1983 are 11.00 pe from 0.575 per cent. For annum to 11.00 per cent. per annum. The interest cases charged on la charged on want on outstander

1982

(1) Louis other than those made a

it: This emaint represents adjust reparatie to the Bank in such cu ents in Enricol S ung fr

ents which have not been alloc (4) Represents prepayment:, cancellations and translation adjuted to specific

The accompanying notes to financial statements (Appendix VII) are an integral part of this statement.

APPENDEX V

/11.00 per ctat.-1982).7

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES SUMMARY STATEMENT OF BORROWINGS

AS AT 31ST DECEMBER, 1982 AND (UNAUDITED) 31ST DECEMBER, 1983

		Y	Changes during the car ended 31st Decemb	cr, 1985				
	N		Repsyments and Sorking Fund and	Translation	Balance as	Effective Int	Awrage west Rates(2)	Due for
Currency	Balance as àt 3 ist December, 1982	Borrowings	other Porchases	Adjustments///	December, 1983	1982	1983	Recemption
			(thousands of dollars	s - Note A)		(per ce	₩ŀ.	
Austrian Schilling	899	29,727	769	(3,876)	25,981	7.30	- 8.18	1985-1993
Belgian france	3.250		2,785	(465)		7.36		
Deutsche Mark	635,959	240,734	32,899	(98.144)	745,650	8.44	8.38	1984-1995
Italian lira	3,650		625	(615)	2,410	7.22	7.22	1984-1987
Japanese yen	983,404	254,261	33,307	15,280	1,219,638 (3)	8.19	8.11	1984-2001
Vamale diam.	57,398	2011201	2,849	(315)	54,234	11.00	11.20	1984-1991
Town and have the famous	3,581		172	(533)	2,876	6.64	6.64	1984-1987
Machaeles de muildes	133,359	87,407	32,997	(20,531)	167,238	9.84	9,50	1984-1998
Sandi Arabian riyal	3.67		3,628	(43)		8.00		
Courses Courses	633,866	97.537	17,576	(58,817)	655.010 (3)	6.31	6.24	1984-1995
Links & Contac dallar	350,857	265,000(4)	76,090	15,833 (1)		12.40	10.85	1984-1998
United States doilar ,.	230,037	200,000(4)	70,070	101020 [17	0001000117	144.10		1,41,11,10
Principal amounts outstand-								
ing	2,809,894	974,666	203,697	(152,226)	3,428,637	8.48	8.36	
Less - Unamortised dis-								
counts and premiums on								
interest-bearing bonds						•		
and assess	9,181	1,866		_	11,047			
and noics	101.0	1,000			11,047	· ·		
Total	2.800.713	972,800	203,697	(152,226)	3,417,590			
Joiai	2,000,713	770,000	-03,077	(TOLLED)			• •	
		-						

MATURITY STRUCTURE OF BORROWINGS OUTSTANDING

Five Ycan

Ending 31st Decembe

18

6,036,704

...

ASSETS

Cash in Banks (Note B)

1982

(thousands of dollors - Note A)

53,044

					December, 1982 and 31st December, 1983 (See Appendix 1) (vor n
Special Reserve Fund Assets (Note G)		123,300		151,302	Net income after appropriation of commissions to Special Reserve for the years ended 31st
Note Al	1,319 11,137	138,093	14,806 15,384	203,685	Accumulated translation adjust- ments 1/vac A)
Property, furniture and equipment (net of accumulated depreciation of \$330 — 31st December, 1982, \$881 — 31st December, 1983)					1,478,052 1,445,455 Advance payments on subscriptions (Note D
borrowings (Note A)	37,417		49,525		opment Fund (Note H)
Administration Charge receivable from the, Asian Development Fund (Note F) Unamortised issuance costs of	2,087		1 1,693		matured 1,530,571 1,495,300 Less — capital set aside and transferred to the Asian Devel-
tain value of currency holdings	86,133		112,277		Subscription instalments
Other Assets Notional amounts required to main-					"Paid-in" shares subscribed 1,535,232 1,657,730 Less — subscription instalments not due
value of currency holdings (Note E) Subscription instalments (Note D)	1,562 284	378,907	1,569 7,797	362,823	Less — "callable" shares subs- cribed
Amounts Receivable from Members Non-negotiable, non-Interest- bearing demand obligations (Notes B and D) Amounts required to maintain	377,061		353,457		31st December, 1982, SDR 14,768,070 31st December, 1983) Subscribed (SDR 7.160,370 31st December, 1932, SDR 10,993,800 31st December, 1983) 7,898,676 11,509,959
Accrued Income On investments	57,356 62,673	1 20 ,02 9	45,858 71,069		Authorised (SDR 7,220,570 —

6,718,685

The accompanying notes to financial statements (Appendix VII) are an integral part of this statement.

APPENDIX IV

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

SUMMARY STATEMENT OF LOANS (NOTE I)

AS AT 31ST DECEMBER, 1982 AND (UNAUDITED) 31ST DECEMBER, 1983

						Payments Received								
Borrowers/Guarantors [7]		Principal Amounts	Loans not yet Effective	Refundings and Cancelistions sounds of dollars	On loans heid by Bank	For loans sold	Effective Loans	Undisbursed Balances of Effective Loans	Outstanding Balances					
Densela dan b				11.400	1.000									
Bangladesh	• •	• •	••	11,400	_	2,082	4,848	· ·	4,470		4,470			
Burma	••	••	••	6,600	_		681		5.919	78	5,841			
China, Republic of	••	••	••	100,390	_	9,252	52,595	2,800	35,743		35,743			
Fiji .	••	••	••	45,900	_	112	3,250		42,538	13,223	29,315			
Hong Kong	••	••	••	101,500		4,503	31,268	3,859	61,870	7,132	54,738			
ndonesia				2,204,000	337,450	44,634	37,497	_	1,784,419	1.314.403	470,016			
Korea, Republic of	••			1,771,830	132,800	72,353	294,985	3,456	1.268.236	509.841	758,395			
Malavsia				881.828	82,500	43,181	60.606	2,140	693,401	325,437	367,964			
Nepal				2,000	_		2,000							
Pakistan			••	739,170	126,800	32.174	78,427	· _	501,769	188,372	313,397			
Papua New Guinea				68.950		572	491	_	67,887	45,266	22,621			
Bhilingtiner				1,755,840	207,840	22.376	100.737	423	1,424,464	737,807	686.657			
				178.080	201,040	32,542	46,006	2,830	96.702					
Singapore	••	••	••	14,135	_	931	10.352	2,034		19,452	77,250			
Chailand	••	••	••	1,288,180	201,000			1,711	2,852		2,852			
	••	••	••		201,000	47,588	79,625	1,/11	958,256	452,004	506,252			
Vict Nam	i'r.			3,930	_	2,389	1 \$0	_	1,361		1,361			
Adjustments in Unit			dollar											
equivalents of loans d	isdurs	cd	••	_	_			_	(231,202)3/	_	(231,202))			
							· · · · · · · · · · · · · · · · · · ·							
fotal-31st December, 1	983	••	••	9,173,733	1,088,390	314,689	803,548	17,219	6,718,685	3,613,015	3,105,670			
otal-31st December, 1	982			7,983,943	927,120	262,513	638,175	17,219	6,036,704	3,352,075	2,684,629			

1983 1984 1985	213,218 129,797 77,222	121,160 135,457	1993/1992 1998/1997 2003/2002	1,910,993 468,576 78,085	2,153,585 757,597 51,895
1986 1987 1968	172,632 53,327 	167,265 53,726 266,075		Total 3,103,850	3,706,760

1961

al standing as at 31st December, 1983 includes 51.22 million for the 10-Year Zerò Coupon Notes issued in 1982 (principal amonat at maturity, \$400 million); amonination of the original discount e by the interest method is shown as an "Other Adjustment". (1) Ba

at issuence of the interest metado is anomalis an integracial and a standing anomals, taking into consideration discounts and premiums and the effect of currency swaps. For uniformity and consistency, annual effective laterest rotes for bonds with annual payment dates have been converted into semi-annual equivalents. (3) Subsequent to 3) st December, 1983 the Bank has made the fol

Currenty	Frincipal Amount	Couper Rate	Due for Redemption
Swiss frame	S#Fr100 million	6.000%	1987-1994
Japanese yen	¥15,000 million	7_375%	1994

(4) Including net proceeds of 534.9 million (principal amount 537.5 million) with an effective interest rate of 1.97 per cent. which were swapped for SwFr 183.1 million which resulted in an effective interest rate of 5.83 per cmt. based on forward exchange commitments made in connection with the currence swape.

The accompanying notes to financial statements (Appendix VII) are an integral part of this statement.

APPENDIX VI

1983

ASIAN DEVELOPMENT BANK-ORDINARY CAPITAL RESOURCES

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK SUBSCRIPTION ENTITLEMENTS (Note 1) AND VOTING POWER

AS AT 31ST DECEMBER, 1983 (UNAUDITED)

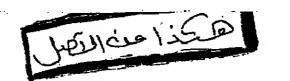
					Selection	ed Capital		5	description Ent	denenis (Not	e 2)		Voting	Perrer	
					Pa	r Value of Sha	res		P:	v Value of Sta		Asal 31st De	ember, 1983	Including En	elilements (3)
Members				Number of shares	Total	Callable	Paid-in	Number of shares	Total	Califable	Paid-in	Number of Votes	Per cent.	Number of Votes	Per cant.
Regional					Juhouse	ds of dollars -	-Note A)		(thouse	ds of dollars -	None 4)				
Alghanistan				1,195	12,511	8,512	3,999	1,254	13,129	12,469	660	7,302	0.551	10.603	0.578
Australia Note 4)	••	••	••	102,370	1,071,763	943,082	128,681		_	_		108,477	7.894	110.524	6.074
Bangladesh		••		8,812	92,258	74,397	7,861	9,252	96,863	92,016	4,847	14.919	1.086	26,218	6 024
Bhutan		••	••	110	1,152	932	220	. 115	1,204	1,141	63	6,217	0.452	8,379	0.457 0.969 0.542 \.494
Cambodia	••	••		4,700 875	49,207 9,161	39,679 6,229	9,528	4,935	51.667	49,081	2,566	10,807	0,786	17,789	0.969
China. Republic of				5,400	98,413	79,359	19.054	918 9,870	9,611 103,334	9,129	482	6,982	0.508	9,947	0.542
Cook Islands Note 4]				47	492	440	52	3,0/0	103,339	96,172	\$,162	15,507	1.128	27,424 8,201	1.494
Fiji				587	6.145	4,952	1.193	616	6.450	6.125	176	6,154	0.448		0.447
Hong Kong				4,700	49,207	39,679	9,328	4,935	51.667	49,061	325 2,586	6,694	0.487	9,357	0.510
India Note 47			••	112,005	1,172,636	1.031 853	40,783	_	_			118,112	. 8.595	17,789	0.707
Indonesia (Note 5)		••	••	47,000	492.067	396,794 991,985	95,275	49,350	516.670	490,842	25,828	53.107	1365	104.504	6.549 5.696
Sapan Kunbati	••	••	••	117,500	1.230,106	991,985	238,181	123,375	1,291,675	1,227,048	64,587	123,607	3.865	249.029	15.573
	lore 1	•••	••	35 89,123	933.073	293 821,060	73	36	377	356	21	6,142	6.447	8.725	0.448
Las			••	246	2,576	2.073	112,013	~~~~				\$5,230	6.930	97,277	0.448
Malaysia				23,500	246.034	198,397	503 47,637	258 24,675	2,701 258,335	2,565	136	6.353	0.462	8,658	0.472
Maldres				35	366	295	773	36		245,416	12,919	29,607	2.154	\$6,329	3.070
Negal				1.269	13.286	10.711	2576	1,355	377 13,945	356 13,244	21	6,142	0.447	8,225	0.448 0.586 1.926
New Zealand Note 4	J			27,170	284.456	250,305	34,151	1,000	13,743	13,344	701	7,376	0.537	0.755	0.586
Pakistan				16,800	196,527	158,718	38,109	19,740	206.668	196.335	10.355	33,277 24,907	2.422	35,354	1.926
Papua New Guinea	••	••	••	sin	8,450	6,847	1,635	850	8,899	8,459	440	6.917	0.503	9.814	2.343
Philippines (Note 4)	••	••	••	42,155	41,311	388,335	\$2,976	_	_	_	-	48,259	3.512	30,306	2.545 0.535 2.742
Singapore		••	••	2,937	30,749	24,792	5,957	3,083	32,277	30.665	1.612	9,044	0.658	14,174	0.773
Solomon Islands Sri Lanka	••	••	••	58	607	492	115	60	628	597	31	6.165	0.449	6,272	0.431
Thailand	••	••	••	5,005 11,750	52.400	4 <u>2.255</u> 99,198	10.145	5.255	55,017	52,264	2,753	11,112	0.609	18,414	1.001
Tonga	••	••	••	35	123,016 366	293	23,818	12,317	29,163	122,705	6,460	17,857	0.609	32,241	1.003
Vanaate			••	58	607	492	11S	36 60	377	356 597	21	6,142	. 0.447	8.225	0.445
Viet Nam				6.036	63,215	49,982	13.233	ഖ്യ	628 66,346	61.047	31	6,165	0.449	8,272	0.451
Western Samoa.	••			- 58	607	492	115	60	625	597	3,319 31	12,145	0.884	20,531 8,272	0.451
Total Regional	••	••		638,380	6,683,520	5,672,920	1,010,600	278,777	2,918,656	2,772,701	145,955	827,497	60.231	1,169,931	63.764
Non-Regional													- <u>-</u>		
Austria			.,	2.957	30,749	24,792	5,957	3.085	32,277	70 ///					
Beigium				2,957 2,937	30,749	24,792	5.957	3.083	32.277	30,665 30,665	1,612	9,044	0.658	14, 74	Q.773
Canada (Note 4)				52.53	968,879	\$52,563	116.316	5,005	36,611	20,005	1,612	9,044	0.658	14 174	0.773
Denmark (Note 4)	••	••		6,020	63.026	55,457	7,569			_	_	91,650	7.179	100,697	5.488
Finland	••		••	1.175	12,302	8,985	5,319	1,233	12,909	12.360		12,127	0.530	_ 14,174	. 0.773
France (Note 5)				14,687	153,766	123,990	29,776	15,451	161.450	153,378	8.072	7,282	0.530	10,562	0.576
Germany, Federal Rep	pablik,	ol 🛛		37,334	390,808	315,164	75.684	39,200	410,404	389.884	20.528	20,794	1.513	34,262	2.085
italy	••	••	••	11.750	123,016	99,198	23,8/8	12,337	129,163	122,703	6,460	43,441	7161	84,683	4.615
Netherlands	••	••	••	6.462	67,654	54,557	13.097	6.785	71.036	67,486	3,550	17,857	1.299	32,241	1.757
Norway		••		2,937	30,749	24,792	5,957	3.083	32,277	30,665	1,612	12,569	0.915	21,401	1.166
Sweden .	••	••	••	1,175	12,302	8,983	3,319	1,233	12,909	12,260	649	9,044	0.658	14,174	0.773
Surizerland	•:-		••	4,037	42,265	34,078	8.187	4,238	44,370	42,150	2,220	7,282	0.530	10,562	0.576
United Kingdom Note		••		36,131	578,273	332,807	45,406	_			لالاغوت	10,144	0,738	16,429	0.895
United States Note 4)		••	••	240,875	2,521,841	2,219,075	302,768				=	246,982	3,074	44,285 249,029	2.413 13.573
Tulal Non-Regional	••		••	461.000	4,826,439	4,179,309	647,130	89,696	939.072	892,116	46,956	546,498	39.769	664,852	36.236
fotal	••	÷.,		1,099,380	11,509,959	9,852,379	1.657,730	368,473	1 841 778	3444	144.4		· · · · · · · · · · · · · · · · · · ·		
Notes:-								THE OWNER WATER OF THE OWNER OF T	1,857,72	3,664,817	192911	1,574,195	100.600	7,834,783	100.000

(1) On 25th A on that de horized capital stock by 754,750 shares (from 722,057 shares to 1,476,207 shares) which because of tribed by a can the date of the resolution, with 5 per cost, of the subscription being prairies an shares an mitted by 3 in Mars, 1554, or such lates date on the Board of Directors may determine. , or instruments of subscription to b ret subscribed as as 31 st December position when all

v. 1983. 3. bed to their entitlements under the third general capital incre rate and the amounts shown under "Subacribed" on laste such (4) Ta (5) Si

there entriferments under the third general capital increase and the anometic shown under "Subacell v and ladonesia have subscribed to 15,421 and 49,350 shares respectively under the third general o ber, 1933, Fra

The accompanying notes to financial statements (Appendix VII) are an integral part of this stateg



APPENDEX VII

ASIAN DEVELOPMENT BANK-ORDINARY CAPITAL RESOURCES NOTES TO FINANCIAL STATEMENTS

(Information relating to the year ended 31st December, 1983 is unaudited)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Functional Currencies and Reporting Currency The currencies of members are functional currencies. The reporting currency is the United States dollar, and the financial statements are expressed in thousands of current United States dollars.

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expressed in thousands of current United States dollars.
(2) Capital Stock
The capital stock is defined in Article 4, paragraph 1 of the Articles of Agreement "in terms of United States dollars of the weight and fineness in effect on 31st January, 1966" (the "1966 dollar"). The capital stock had historically been translated into the current United States dollar. The capital stock had historically been translated into the current United States dollar (the Bank's unit of account), on the basis of its par value in terms of gold. From 1973 until 31st March, 1978, 1be rate arrived at on this basis was \$1.20635 per 1966 dollar. Since 1st April, 1978, at which time the Second Amendament to the Articles of Agreement of the International Monetary Fund (the "IMF") came into effect, currencies no longer have par values in terms of gold. The Bank is examining the implications at this change on the valuation of its capital slock but has not made a decision on the matter. Pending such a decision, the Bank'a capital stock has been valued for purposes of the accompanying financial statements in terms of the Special Drawing Right (SDR), at the value in current U.S. dollars as computed by the IMF. As at 31st December, 1983, the SDR was valued at \$1.04695 (\$1.10311 - 1982). (See Note D. This note also shows what the value of the Bank's capital stock would be if expressed in terms of \$1.20635 per 1966 dollar.)

(3) Translation of Currencies Assets and liabilities are translated from their functional currencies to the reporting currency generally at the applicable retes of exchange at the end of a reporting period. Income and expense amounts are translated for each quarter generally in the applicable rates of exchange at the beginning and the middle of each month (at the beginning of the quarter in 1982); such practice approximates the application of average rates in effoct during the quarter. Translation adjustments, other than those relating in maintenance of value of carrency holdings (see Note E), are charged or credited to "Ascumulated translation adjustments". Exchange gains or losses on currency translations among functional currencies are included in income.

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(4) Leans Effective 1st January, 1983, the Bank adopted an Exchange Risk Pooling System for its lending operations as a means of equalising exchange rate risks among borrowers. All loans negotiated after that date have been included in the system and borrowers under earlier loans are given the option of having the undisbursed balances of their loans included in the system. The pool consists of all currencies disbursed and not yet due for repayment under all loans or portions of loans included in the system (pooled loan consists of its pro-rant share of each of the currencies and the composite exchange adjustment of the pool from time to time. The borrowers of loans, and portions of loans not included in the system, obliged to repay the Bank the currencies used by the Bank in making disbursements on their loans.

(5) Unamortised Issuance Costs of Borrowings Unamortised issuance costs of borrowings are rateably amortised over the life of each issue.

(6) Property, Furniture and Equipment The headquarters building of the Bank, including land, facilities and fixtures and the initial cost of necessary staff amenities and other related furnishings have been provided to the Bank by the Government of the Republic of the Philippines which has also provided additional office space in a second building. The Bank has leased additional office space in other buildings and has fitted and furnished all additional office space. To meet the Bank's needs for future office accommodations, the Bank has porchased in a the set is a size areas the Origins Commercial Center in Metro. u parcel of land at a site near the Ortigas Commercial Center in Metro Manila at the cost of \$9,555,000 equivalent for the construction of a proposed new headquarters building. Significant purchases of property, furniture and equipment by the Bank are capitalised and depreciated over estimated useful tives of related assets using the straight-line method. Other purchases are charged to expense.

(7) Staff Retirement Costs The Bank absorbs all expenses of administering the Staff Retirement Plan and charges all of its contributions thereto (see Note J) to administrative expenses currently.

NOTE B—RESTRICTIONS ON USE OF CASH IN BANKS AND DEMAND OBLIGATIONS OF MEMBERS

In accordance with Article 24, paragraph 2(i), the use by the Bank or by any recipient from the Bank may be restricted by the member to payments I goods or services produced and intended for use in its territory, as follows:-

The use of cash in banks and demand obligations in the currencies of 27 members aggregating \$35,720,000 (\$48,336,000-1982) and \$214,498,000 (\$213,432,000-1982) respectively.

In accordance with Article 24, paragraphs 2(i) and (ii), the use by the Bank or by any recipient from the Bank has been restricted by the member to payments for goods or services produced in its territory, as follows:---

The use of cash io banks and demand obligations in the currencies of two

If the capital stock as at 31st December, 1983 had been valued in terms of \$12,063.50 per share, the "callable" capital subscribed would have been \$11,352,248,030 (S6,958,999,000–1982), instead of \$9,852,229,000 (S6,363,444,000–1982), the "paid-in" capital subscribed would have been \$1,910,123,000 (\$1,678,913,000-1982), instead of \$1,657,730,000 (\$1,535,232,000-1982), instead of \$1,657,730,000 (\$1,535,232,000-1982), instead of \$1,557,730,000 (\$1,535,232,000-1982), instead of \$1,557,730,000 (\$1,535,232,000-1982), instead of \$1,509,959,000 (\$7,898,676,000-1982), and maintenance of value obligations would have been \$206,027,000 (\$154,154,000-1982] receivable from members, instead of \$21,315,000 (\$35,523,000-1982) receivable from members.

As at 3(st December, 1983, all matured instalments amounting to \$1.495,300,000 (\$1,530,571,000-1982) were received except \$7,797,000 (\$284,000-1982). Instalments not due aggregating \$162,430,000 (\$4,661,000-1982) are receivable as follows:-

			31st December, 1982	31st December, 1983
			(dol	lars
1983	 	 	 2,653,000	_
1984	 	 	 1.950.000	41.985.000
1985	 	 	 58,000	40,189,000
1986	 	 	 	40,134,000
1987	 		 	40.123.000

Payment in respect of capital subscription instalments in advance of due dates are shown in the balance sheet (under the title "Capital and Reserves") as "Advance payments on subscriptions" pending the deter-mination of the full value of such payments based on the rate of exchange to be used by the Bank as of the date on which such payments are actually due.

NOTE E-MAINTENANCE OF VALUE OF CURRENCY HOLDINGS

Prior to 1st April, 1978, the effective date of the Second Amendment to the Prior to 1st April, 1978, the effective date of the Second Amendment to the IMF Articles, the Bank implemented maintenance of value in respect of huldings of member currencies in terms of 1966 doltars, in accordance with the provisions of Article 25 of its Articles and relevant resolutions of the Board of Directors. The "Amounts required to maintaio value of currency boldings" under "Amounts Receivable From Members" represent the aggregate amounts receivable resulting from changes in exchange rates of member currencies from these previously used for the purpose of computing maintenance of value of the Bank's holdings of certain member currencies (see Note D). (see Note D).

(see Note D). Since 1st April, 1978, inasmuch as the valuation of the Bank's capital stock and the basis of determining possible maintenance of value obligations are still under consideration, notional amoutois have been calculated provi-sionally as receivable from or payable in members in order to maintain the value of currency holdings in terms of the SDR. The timing of any establishment and settlement of such amounts is uncertain. The notional amounts as at 31st December, 1983 consisting of receivables of \$112,277,000 (\$36,133,000--1982) and payables of \$204,458,000 (\$152,592,000--1982) in the value of currency holdings in relation to the United States dollar, the Bank's unit of account, during the period 1st April, 1978 to 31st December, 1983, offset by (b) the decrease of \$184,712,000 (\$118,631,000--1982) in amounts required in maintain the value of such currency holdings to the extent of matared and paid capital subscriptions due the decrease in the value of the SDR in relation to the United States dollar during the same period. dollar during the same period.

NOTE F-INCOME AND EXPENSES

Income from other sources includes an exchange gain of \$163,000 (\$1,388,000-1978, loss of \$450,000-1979, loss of \$544,000-1980, loss of \$1,393,000-1981, and loss of \$831,000-1982).

During the year ended 3 tst December, 1983, interest expense of \$537,000 was capitalised as a part of the cost of the proposed new headquarters building.

Administrative expenses are oet of Administration Charge to Special Operations amounting to \$35,690,000 (\$10,308,000-1978, \$15,423,000-1979, \$20,268,000-1980, \$25,118,000-1981, and \$27,410,000-1982). The Administration Charge to Special Operations is presently based on a formula which takes into consideration all administrative expenses (other than those appertaioing directly to ordinary operations and special operations) and the number of Joans approved.

NOTE G-SPECIAL RESERVE In accordance with Article [6, paragraph], the Bank charges a commission calculated at one per cent, per annum on the outstanding amount of loans made by it from the ordinary capital resources. In accordance with Article 17, an amount equivalent to such commissions is appropriated to a Special Reserve, Special Reserve Fund assets consist of government and govern-ment guaranteed obligations (time deposits and certificates of deposit-1982).

NOTE H-CAPITAL SET ASIDE FOR SPECIAL OPERATIONS Pursuant to the provisions of Article 19, paragraph 1 (i), the Board of Governors has authorised the setting aside of 10 per cent. of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) as at 28th April, 1973 to be used as u part of the Special Funds of the Bank. The resources so set aside, amounting to \$49,845,000 (\$52,519,000-1982.1 as at 31st December, 1983 expressed iterms of the SDR on the basis of \$1.04695 (\$1.10311-1982.) per SDR (\$57,434,000 in terms of \$1.20635 per 1966 dollar —see Notes A and D), were allocated and transferred to the Asian Development Fund.

NOTE 1-ORDENARY RESERVE AND NET INCOME AFTER APPROPRIA-TION OF COMMISSIONS TO SPECIAL RESERVE Under the provisions of Article 40, the Board of Governors shall determine

Copies of the Prospectus and application form may be obtained from:---

- S. G. Warburg & Co. Ltd., 30 Gresham Street, London EC2P 2EB. Rowe & Pitman, City-Gate House, 39-45 Finsbury Square, London EC2A UA
- Phillips & Drew, 120 Moorgate, London EC2M 6XP.

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Documents for Inspection Copies of the following documents will be available for inspection at the offices of Freshfields, Grindall House, 25 Newgate Street, London ECIA 7LH during normal business hours until 4th March, 1984:—

- the Charter, By-Laws, Rules of Procedure of the Board of Governors and Rules of Procedure of the Board of Directors of the Bank; (i)
- (ii) the Underwriting Agreement referred in above;
- (iii) a draft, subject to modification, of the Instrument constituting the

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- the audited Financial Statements of the Bank for the five years ended 3 tst December, 1982; (iv)
- a draft, subject to modification, of the Purchase Agency Agreement; (v)
- a draft, subject to modification, of the Registrar's, Paying and (vi) Exchange Agency Agreement;
- a proof, subject to modification, of the renounceable allotment letter referred to above; (vii)
- a copy of the *Journal of the Institute of Actuaries*, Vol. 105, Part I, 1978, pp. 15 to 26; and (viii)
- (ix) the consent of Deloitte Haskins & Sells referred to above.

POIN	JPAL OFFICE OF THE BANK	
	2330 Rozas Boulevard, Metro Manila, Philippines	
	RECEIVING BANK	
	Lloyds Bank Pic, Registrar's Department, Issue Section, I (1) Old Broad Street, London EC2N IAU	
DECIST	BAR AND TRANSFER OFFICE	
	Lloyds Bank Pic, Registrar's Department.	
Issue Section, t Old Broad Street, ondon EC2N IAU	Goring-by-Set Worthing, West Sussex, BN12 6DA	
	YING AGENT AND EXCHANGE AGENT Lloyds Bank Pic,	
Issue Section.	Registrar's Department, Goring-by-Sea	
1 Old Broad Street, ondon EC2N 1AU	Worthing, West Sussex, BNt26DA	
	PAYING AGENTS	
ediethank S.A. Luxembourgeoise, 43 Bonlevard Royal, P.O. Bos 1108, Luxembourg	Morgan Guaranty Trust Company of 1 35 Avenue des Arts, B-1040 Brussels, Belgium	New York,
INDEPEN	DENT AUDITORS TO THE BANK	
11	Deloitte Haskins & Sells, 14 Avenue of the Americas, iew York, New York 10036	
1.5.52	LEGAL ADVISERS	
To the Bank	To the Underwri	
Freshfields, Grindall House, 5 Newgate Street, ondon ECIA 7LH	Allen & Over 9 Cheapside, London EC2V 6	
	BROKERS	
towe & Pitman, ity-Gate House,	Phillips & Dre 120 Moorgate London EC2M 6	G.,

APPLICATION FORM

The application list will open at 10.00 a.m. Thursday, 23rd February, 1984, and will close later the same day. This form must be lodged with Lloyds Bank Pic, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU. THE STOCK IS NOT OPEN FOR APPLICATION BY U.S. PERSONS AS DEFINED IN THE PROSPECTUS DATED 20TH FEBRUARY, 1984.

> ASIAN DEVELOPMENT BANK Issue on a yield basis of £190,000,000 Loan Stock 2009 Payable as follows:-

On application £25 per cent. of the nominal amount of the Stock. On 24th July, 1984, the balance of the issue price.

ers aggregating \$35,000 (\$72,000-1982) and \$3,706,000 (\$4,483,000-1982) respectively.

NOTE C-INVESTMENTS

NOTE C-INVESTMENTS As at 31st December, 1983, the market value of investments was \$2,129,723,000 (\$1,862,950,000-1982), including investments not traded in the market which were valued at their cost or amorised cost of \$1,014,910,000 (\$727,786,000-1982). During the year ended 31st December, 1983, sales of investments resulted in a net gain of \$4,504,000 (\$8,466,000-1982). Gnins and losses on sales of investments are measured by the difference between average amortised cost and the uet proceeds of sales. The annualised rate of return on the uverage investments held during the year, based on the portfolio held at the end of each month, including realised gains and losses, was 10.28 per cent. (11.46 per cent.---1982).

NOTE D-CAPITAL STOCK

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NOTE D—CAPITAL STOCK The anthonised capital stock of the Bank consists of 1,476,807 shares (722,057—1982), of which 1,099,380 (716,037—1982) shares have been subscribed by members. Of the subscribed shares, 941,041 (576,864— 1982) are "callable" and 153,339 (139,173—1982) are "paid-ia". The "callable" share capital is subject to call by the Bank only as and when required to meet the Bank's obligations incurred on borrowings or on guarantees. The "paid-in" share capital is payable or has been paid in instalments partly in convertible currencies and partly in the currency of the subscribing member. In accordance with Article 6, paragraph 3 of the Articies, the Bank accepts non-negotiable, non-interest-bearing demand obligations in satisfaction of the portion payable in the carrency of the member, provided such currency is not required by the Bank for the conduct of its operations.

conduct of its operations. In the Articles, the Bank's capital stock is defined "in terms of United States dollars of the weight and fineness in effect on 31st January, 1966", and the value of each share of stock is defined as being 10,000 1966 dollars. On 1st April, 1978, the Second Amendment to the IMF Articles entered into force, noder which gold has been abolished as a common denominator of the international monetary aystem, currencies no longer have par values, and all calculations for the purposes of the IMF Articles are made on the basis of the SDR. Simultaneously, the provision of United States law defining the par value of the United States dollar in terms of gold was repealed. As a result of these changes, the pre-existing basis for translating the term "United States dollars of the weight and fineness in effect on 31st January, 1966" into current United States dollars, or into any other currency, no longer exists. cy, no longer exists.

currency, no longer exists. The Bank is considering u proposal that its capital stock be redefined in terms of the SDR. A member government has raised the question whether the substitution of u new unit of value, insofar as it would give rise to any new obligations with respect to maintenance of value and capital stock subscription payments, should be made only by amendment of the Articles. This member has also raised questions as to the appropriateness of substituting u unit of value other than the SDR, the desirability of retaining the principle of maintenance of value, and the form in which maintenance of walue should be araited. e should be applied.

value should be applied. The General Counsel of the Bank is of the opinion that the SDR is the successor in the international monetary system in the gold-based dollar, and that pending the exercise by the appropriate anthorities of the Bank of their statutory powers under Chapter IX of the Articles, references in the Articles to the 1966 dollar should be read as referring to the SDR as defined from time to time by the IMF. In view of this, and pending consideration and action on the issues referred to in the preceding paragraph, the Bank has for the purposes of these financial statements expressed the value of is split stock in terms of the SDR, on the basis that each share has the value of SDR t0,000. For the purposes of these financial statements, it has also measured the mutual obligations of each member and of the Bank with respect to maintenance of value of currency holdings by that standard. However, the appropriate attihorities of the Bank could decide that the value of each share should be fixed at \$12,063.50, on the basis of a substitution of 1.20635 current United States dollars for each 1966 dollar.

When the SDR was introduced into the IMF Articles in 1969, it was When the SDR was introduced into the IMF Articles in 1969, it was expressed in terms of a specified weight of gold equal to the gold content of the 1966 dollar. Since 1st Jaly, 1974, its value has been based on the weighted relative values of a number of major currencies (a "currency basket"). On 1st July, 1974, the value of the SDR, expressed in terms of United States dollars, was \$1.20635, namely the same value as the 1966 dollar, but subsequently the value in current monetary terms has varied from day to day. Effective tst July, 1978, the 1MF made certain adjustments in the SDR currency basket, and established a method for further adjustments at five-yearly intervals, to reflect changes in the relative importance of currencies over time, while ensuring continuity and reason-able predictability for the valuation of the SDR. The 1MF further revised the currency basket effective 1st July, 1981 by reducing the number of currency basket effective 1st July 1981 by reducing the number of eurences from 16 to 5. The adjustments made at the time of the changes were such that the value of the revised baskets in terms of any currency was eractly the same under both the then existing and the revised valuations. As at 31st December, 1983, the value of the SDR in terms of the United Santes dollar was \$1.04695 (\$1.103tt—1932) giving a value for each share of the Bank's capital equivalent to \$10,469.50 (\$11,03t.10—t982). Order the provisions of Article 40, the board of effortunits shall be utilitations to anomally what part of the net income after appropriation of commissions to Special Reserve (see Note G) shall be allocated, after making provisions for reserves, to samplus und what part, if any, shall be distributed to the members. Net income after appropriation of commissions to Special Reserve up to the year ended 31st December, 1982 was allocated to the Ordinary Reserve.

The restatement of the capital stock for parposes of these financial atatements on the basis of the SDR instead of the 1966 dollar (see Notes A and D) resulted in a net credit of \$13,027,000 to the Ordinary Reserve during the year (\$13,974,000---1982). This set credit represents the amount of \$79,108,000 (\$84,668,000---1982) restalement of the matured and paid capital subscriptions offset by the net amount of \$66,081,000 (\$70,694,000---1982) notional maintenance of value adjustments attribu-table to the changes in the value of the SDR io relation to the United States dollar the Bank'sunit of account, during the way. (See Note E.) dollar, the Bank's unit of account, during the year. (See Note E.)

NOTE J-STAFF RETIREMENT PLAN The Bank has a contributory Staff Retirement Plan (the "Plan"). Every employee, as defined under the Plan, shall, as a condition of service, become employee, as defined under the Plan, shall, as a condition of service, become a participant on the first day of service, provided that as at such a date, the employee shall not have reached the normal retirement date. The Plan applies also to members of the Board of Directors who elect to join the Plan. The Staff Retirement Plan assets are segregated and beld in trust and are not included in the accompanying balance sheet.

From December 1974, participants have contributed 9% per cent. of their remaneration to the Plan, and the Bank has contributed amounts equal to learning con of the participants' remandration. The Bank's contribution is determined at a rate sufficient to cover that part of the costs of the Plan not covered by the participants' contributions. For the year ended 31st December, 1983, the amount contributed by the Bank was \$5,980,000 (\$2,185,000-1978, \$2,647,000-1979, \$3,414,000-1980, \$4,388,000-198t and \$5,214,000-1982).

The actoarial present value of vested and non-vested accumulated Plan benefits as at 30th September, 1983, the date of the last actuarial valuation, totalled \$36,870,000 [\$29,259,000—1982] and \$2,301,000 (\$2,249,000— 1992] respectively. Net assets available for benefits totalled \$62,643,000 (\$42,785,000—1982) as at 30th September, 1983. The weighted average assumed rate of return used in determining the actuarial present value of accumulated Plan benefits was 8 oer cent. accumulated Plan benefits was 8 per cent.

NOTE K-SERVICES TO MEMBER COUNTRIES The Bank's outstanding commitments for technical assistance projects and programmes totalled approximately \$24,840,000 as at 31st December, 1983 (\$17,015,000-1982); to the extent available, contributions to the Techni-cal Assistance Special Fund may be used to meet espenditures arising out of the commitments. The amount shown is exclusive of technical assistance services made available on a reimbursable basis, however, when technical assistance rendered as a part of the commitment shown leds to loans for specific projects, the portion representing the cost of design and eogineering and any remaining balance mer \$150,000 will be converted in the subsequent lono. Under such options, technical assistance expenditures of \$62,000 (nll in each of the years 1978 to 1981 and \$31,000 in 1982) were charged in loans and credited to income of ordinary capital resources during the year ended 3 tst December, 1983.

GENERAL INFORMATION

The Bank has agreed to pay the Underwriters commissions aggregating £1.25 per £100 nominal of Stock for their services as managers and underwriters of the issue, nut of which will be paid, on behalf of the Bank, underwriters of the issue, nut of which will be paid, on behalf of the Bank, commissions to the brokers to the issue (Rowe & Pitman and Phillips & Drew) and certain other persons who have agreed to accept sub-under-writing participations in respect of the issue of the Stock. The Bank will pay brokerage of 12thp per £100 nominal of Stock to recognised banks or stockbrokers on allotments made in respect of applications bearing their stamp; this commission will not, however, be paid in respect of any allaument which arises out of a sub-underwriting commitment. The total expenses of the issue (including the above-mentioned commissions but avoid on brokerage) are estimated to amount to about £1.456.000 and are excluding brokerage) are estimated to amount to about £1,464,000 and are payable by the Bank.

The Bank has obtained the approval and agreement of H.M. Government required in connection with the Charter.

Deloitte Haskins & Sells have given and have not withdrawn their written consent to the inclusion of their opinion dated 25th February, 1983 on the financial statements in the form and context to which it appears.

Copies of the Instrument constituting the Stock, the latest financial statements of the Bank and the Charter will be available for inspection at the specified offices of the Registrar and the Paying Agents until the date for redemption of the Stock and the Purchase Agency Agreement will be so available until its expiry.

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		mount of the Stock	Amount enclosed at £25 per cent. the nominal amount applied for	a l	I. Acceptance
-	£	-00	£.	00	
Applications for Stock must be for	or a minimum of s	Etoo nominal amount of	Stock and thereafter for the followin	g multiples of Stock	2. Amount of Stor
Amount of Stock appl	ted for	Multiple	Amount of Stock	applied for Multiple	allotted
Up to £1,000			£10,000 to £100,000	£10,000 £100,000	£
I/We suclose a cheque" in the an			and the second second second		3. Amount receive
the same in conformity with the l	terms of the Prosp	CCTRPS.	nount that may be allotted in respec		on application
le consideration of Asian Develo Underwriting Agreement referm	ed to therein, I/w	ecing to allot the Stock of e agree that this applica	n and subject in the terms and cond tion shall be irrevocable until Thurs	itions of the Prospectus and of the day, 1st March, 1984 and that this some binding upon the despatch by multiple and delivery of this form escatation. 1/We hereby engage to Nicetion and 1/we understand thet Motment liable to cancellation and arged on such balance if accepted waves to fill be Stork fully vaid for	£
mail or the delivery of this appli	cation form duly	completed to Lloyds Bar	ak Pic, I/We understand that the co	impletion and delivery of this form	4. Amount payabl
accompanies by my/our cheque pay the balance payable on the S	Stock by 24th July	, 1984 on any allotment	made to me/as in respect of this ap	Nication and I/we understand the	on Stock accepted
failure to pay such balance by the	er cent. above the	Base Rate for the time	being of Lloyds Bank Pic may be ch	unorment habie to cancenation and	
after its due date and that Asian its own account. I/We acknowled	dge that any letter	nk may, without prejudio r of allotment is liable to	to any other rights, in default of pe be held pending clearance of such pa	syment sell the Stock fully paid for	£
1/We hereby represent that I am	pot/none of us is	a U.S. person as defined	in the Prospectus.		5, Amount returns
at my/our risk to me/us at the fu	rst address shown	below funces the alterna	y a letter of allotment addressed to a trive method of payment is being use	d and Box A is ticked).	E
A separate cheque must accom	pany each applic	ation form unless the all	ernative method of payment (see be on a branch in the United Kingdon which has arranged for its cheques t	low) is elected. Cheques should be	1
which is either a member of the	London or Scotti	ish Clearing Houses or	which has arranged for its cheques t	to be cleared through the facilities	
provided for the members of tho	se Clearing House	es.			6. Balance payabl
Date:) £
Thursd standungs			Joint Applicants (if any):		
(1) Usual signature: In the case of a corporation, the comm	non seal must be aff.	and or this form signed by a	In the case of joint applicants all mi	ut sign,	7. A.L. sumber
fuly extherized officer who must state	this capacity.				
			(2) Usual signature:		
Forenames:					
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Surname; (elso nate designation: Mr., Mrs., M	(iss or title)		Forenames: Surmame: Jabo state designation: Mr., Mrs., 1	liss ar ticle)	8. Cheque number
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ALTERNATIVE METHOD OF PAYMENT

(This method of payment is available only to recognised banks or stockbrokers as described in the Protpectus.)

stockbrokers as described in the Prospectus.) We hereby engage to pay Lloyds Bank Pie, Registrar's Department, Isrue Section, 111 (101 Brend Street, Londan EC2N 1AU for medit to the account designated "ADB Loan-Alternative Payment" by 10.00 a.m. on 29th February, 1984 the amount in Town Clearing Fundes representing payment at the rate of £25 per cent. of the nominal amount of the Stock for the Stock allotted to the person(s) named above in respect of this application. Its consideration of Asian Development Bank agreeing to allot the Stock as mentioned above, wo zero that this sentence shall constitute a collateral contract between Asian Development Bank and us which shall become binding upon despatch or delivery of this application form to Lloyds Bank Pic.

		lorv:

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In the case of a corporation, the common seal must be affixed or this form signed by a duly anthorised officer who must state his capa

Please tick here if you wish to collect your renounceable teller of allotment from Lloyds Bank Pic, Registrar's Department, Issue Soction, 111 Old- Broad Street, London EC2N IAU.	
Name of recognised bank or stockbroker:	
Address in full:	******

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UK COMPANY NEWS

STC profits surge by 43% to £92m for year.

A SECOND HALF increase from £37.9m to £49.8m lifted taxable profits of Standard Telephones and Cahles, telecommunications and electronics group, to £92.2m for 1983, compared with £64.3m previously, a 43 per cent rise.

20

Including acquisitions, turn-over for the period was virtually (£628.5m). The original com-panies' contribution to the pre-tax figure was £84.7m while those acquired in 1983 turned in £10.2m. Interest paid on the acquisitions was £2.7m.

The directors say that with the improved international competitiveness of sterling, and with good prospects for a continua-tion of economic growth, they are confident that the bigh level of tovestment (£214m in the year) will prove justified. Further substantial investment in now are duck to abolean and

in new products, technology and equipment is planned to enhance

equipment is planned to enhance the group's competitive position and growth prospects. Overseas sales expanded from £143.3m to £273.2m, the growth reflecting the board'a decision to increase the group's inter-national presence — companies contributed in the near companies cquired in the year contributed

After tax of £26.6m (£24.1m) earnings per 25p share were 20.6p againon 13.4p, while the dividend is stepped up from an equivalent 6p to 7.5p net with a final payment of 4.7ap. man, said later that the out-standing order hook and renewed growth in submarine cable business "all point to

DIVIDENDS ANNOUNCED Date Corre- Total of sponding for Total last Current payment payment year year div. English & Scott Inv 2nd int. 1.35 April 5 1.25 2.1 May 7 1.85 May 7 4 Mar 30 2.7 3.35 6* 4.2 Scottish Eastern 1.85 3.35 7.5 4.2 4.75 STC Dividends shown peace per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

Opersting profits amounted to having had a good year and one f93.1m, compared with £68.ām, which will be bettered in 1984." and were after depreciation of Acound 80 per cent of pro-duction is the cent of pro-Acound 80 per cent of pro-duction in the group's main £28.5m (£19.5m).

223.5m (£19.5m). Pre-tax figure included invest-ment income up from ft.9m to 54.9m but was after interest pay-able of 55.7m (f6.1m). After the tax charge, and minorities £0.2m (nll) the attrihutable halance (nll) the attrihutable halance trough £25.3m ahead at £65.5m. Orders on hand at the end of against £506m. Research and fevelopment expenditure took £53.3m (£37.5m) while capital expenditure amounted to £60m, to business with British Tele-com, both in volume of tradi-

Lloyd's Life chief opposes

offshore fund restrictions

compared with £33.4m. Sir Kenneth Corfield, chair-

com, both in volume of tradi-tional, and new, products. On a current cost hasis the pre-tax figure is reduced to \$78.2m (\$53.1m).

See Lex

Burmatex seeks London SE listing

Sy Alison Hogan

A LONG established West Yorkshire carpet manufacturer. Bnrmatex, is seeking a quotation on the Stock Exchange which is expected to give it a market capitalisation of around \$12m. Robert Fleming is placing around 25 per cent of the issued around 25 per cent of the issued sharc capital next Tuesday at a price yet to be fixed, but ex-pected to give a prospective earnings multiple of acound 13. Burmatex spectations in the manufacture of fibre bonded carpet products, including the Burmatex " Malour " Loca lay

carpet products, including the Burmatex "Velour" loose lay carpet tile. Turnover splits roughly 50 per cent tiles, 40 per cent carpet colls. It look a significant step forward to hoost profits and margins in t981 when it hegan to have its own carpet with a

margins in 1931 when it hegan to hack its own carpet with a process called APP (atactic polypropylene) which had previ-ously been sub-contracted to companies in West Germany and Switzerland. Pre-tax profits rose from \$268,000 to \$1.14m in the year to November 1982, while margins rose 4.6 per cent to 19.5 per cent. 19.5 per cent.

19.8 per cent. The company bas seen a steady increase in turnover, profits and trading profit margins in the last five years, backed up by a £1.5m investment in plant and expen-diture. Pre-tax profits in the year to November 1983 were £1.34m, tuccover was £2.97m and trading profit margins 20.3 per trading profit margins 20.3 per cent, up from 11.8 per cent in 1979.

1979. The company bas built up a small overseas business, around 4 per cent of tucoover in 1983, which is expected to double in the current year, particularly with the success of the new low

No new money is being raised for the company, which has approximately \$700,000 cash and another £500,000 or so invested in gits. The placing will raise around £3m for the chairman, Mr Brian Burrows, and three

fellow directors. The company has a short order book of two to three weeks which makes a profits forecast difficult for the full year to November—although Mr Bur-rows says that order volume and growth has been consistent.

rows says that other volume and growth has been consistent. The prospectus will forecast a profits increase of roughly a third to around £750,000 for the six months to May. Burmatex has room for con-siderable expansion at its site in Ossett, West Yorkshire where the original husiness was founded in 1917. Investment of £200,000 is planned for the current year to increase produc-tion capacity to belp meet the anticipated increase in sales of around 25 per cent. Brokers to the Issue are de Zoete & Bevan and Renshurg & Co.

Micro Focus to raise £9m by rights

9Y WILLIAM DAWKINS

Micro Forns Gcoup, the computer software company which joined the Uninsted Securities Marke: last May, is to raise £9m the group's revenue was earned overseas, compared with 77 per oet of expenses via a one-for-six cent in 1982. rights issue. The current financial year has started well, says the company.

The group is issuing 1,743,069 new ordinary shares at 535p each and plans to use the proand orders received during the first two manths rsn at more ceeds for the development or acquisition of new products, technology or distribution chanthao double the level of the cor-respooding period last year. nels. It may also use the funds to refinance any acquisitions, which it would make in exchange computer manufacturing markets remain strong and are

for shares. being added to by the entry of major U.S. telecommunications Micro Focus yesterday reported that pre-tax profits for the year to December 7, 1983 had nearly tripled from 5854,000 to companies into the computer industry. Until recently, Micro Focus' software, which facili-tates the use of Common Business Orieoted Language £2.35m on turnover up from 54.4am to 19m. Earnings per share have risen from 9.5p to 21p. As last year, there is no dividend. Business Orieoted Language (COBOL) on microcomputers, had heen sold entirely to com-puter manufacturers. The group

THE fitm Newcastle-hased

Trust, is refinancing its borrow-ings through the issue of a £3m

(COBOL) on microcomputers, that microprocessors would be had heen sold entirely to com- the fastest growing area of the puter manufacturers. The group business computer market and is now beginning to obtain its that demand for COBOL soft-Development cosis, which are

Grainger £3m debenture issue

Trust also owns properties worth £1.26m in the British Virgin Islands. Its trading portfolio of Trust

tenanted residential properties which it maintains and improves out of rental income and eventu-

The stock is secured by a Trust Deed in favour of Guardian Exchange Assurance and by specific charges on commercial properties located mainly in the North East, valued indepen-dently at £5.03m. Pre-tax profits in the year to September 1983 were £1.22m up from £712,000 with a total net dividend of 4.2p. The company forecasts a dividend for the year to September 1984 of not less than 4.Sp giving a prospective yield of 2.6 per cent based on the share price of 260p. Net assets per share are 322p per share, before deducting tax liability of 108p per share which ings unrough the issue of a 23m first mortgage dehenture stock. It is also graduating to a full listing just a year after Morgan Grenfell brought it to the Unlisted Securities Market. out of rental income and eventu-ally sells when vacant, has a residential valuation of £17m which rises to £32m with vacant possession. The annual vacancy rate bas averaged 7 per cent The £3m debenture stock has been fixed at a margin of 1.5 per cent over the 13½ pcr cent Treasury stock 20048. The issue price is £98.548 at a coupon of 114 per cent and the gross redemption yield on issue is 11.92 per cent with the first payment of interest of 7.05 per cent due on September 30. Grainger Trust bas a property portfolio valued at £25.29m at September 30, divided between investment properties which are mainly commercial and trading properties which are wholly liability of 108p per share which would arise on realisation. Brokers to the issue are Cazenove and Wise, Speke.

written-off above the line, bave first direct orders from large ware would increase with it. The locreased from £747,000 to computer users. ft.28m. in 1983, 87 per cent of The rights issue has been over the pert hurdes: develop-The rights issue has been underwritten hy Singer & Fried-lander and the brokers are Laurence Prust. Alloument letters should be received by March 14 and dealings in the new shares are expected to start on March 16

on March 16.

• comment

ing the management systems to hardle an annual doubling in sales; and taking on staff, with the £30,000 personal computer It reports that its traditional Not many companies can launch a f9m rights issue and see their shares jump 80p to an all-time high of 720p all on the same day. The market in

the E30.000 personal computer that each extra employee needs. Three-quarters of the cash that Micro-Focus raised on he arrival on the USM last year has already gone into establishing a new head office and developing a communications network be-tween Newbury, Japan and the U.S. Meanwhile, the directors are on the look-out for further technology purchases like the software deal with The Santa Cruz Operation last November. If the present orderbook is any sign, the company looks capable of at least £5m pre-tax this year, which puts the shares on an actual tax ex rights multiple of nearly 20 — significantly lower than earlier ratings. Micro Focus' shares is thin, but its nearly tripled profits on doubled turnover also had something to do with it. Clearly, Micro Focus judged correctly than earlier rations.

MIS

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SHIRE:

Operating rise for Moracrest:

£9m valuation

Mnracrest Investments, which tovests to the equity of unquoted companies, pushed up its operating income from £784,000 to £952,000 in the year ended September 1953, but the absence of a special dividend this timo is the major factur in a reduc-tion of other income from

is the major factor in a reduc-tion of other income from £473,000 to £111,000. This gives a pre-tax profit of £1.06m, against £1.26m. New investments during tho year totalled £1.1m, bringing tha broadly based portfolio to £8.9m comprising 17 investments. The directors' valuation shows a 25 per cent increase over cost at £11.1m. Since the end of the financial year the group has made a

since the end of the mancial year the group has made a further investment of £200,000; exchanged contracts for further investments totalling £2.13m; and realised an investment nt a capital gain of £975,000.

Ozalid

For the year ended November 30 1983 Oxalid Group Holdings 30 1983 Orana Charp models of furged in pre-tax profits of f1.27m, compared with £2.46m. The second half contributed fR30.000, against £1.18m, and not £13,000 losses against £4.85m profits, as reported yesterday.



When help is needed, please

Scottish **Mutual lifts** bonus rates

The Scottish Mintual Assur-ance Society is increasing its reversionary honus rate for 1983 on its individual pension contracts hy 25p to £5.75 per cent of the basic benefit, keeping unchanged the fi per cent rate on attaching bonuses.

However, the reversionary bonus rate on ordinary life contracts remains at \$4.50 per cent of the sum assured and \$5.75 per cent of attaching The company is substantially increasing all its terminal bonus rates for claims arising in 1984.

Turner and Newall The full year figures from Throer and Newall will - be released on March 21 and not today as indicated in Saturday's edition.

February 14, 1984

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THE COVERNMENT'S move to clamp down on offshore life companies is strongly criticised by Robin Kiln, chairman of Lloyd's Life Assurance, in his annual statement accompanying the 1982/83 report and accounts. Mr Kiln accepts that the Government's aim is to stop the so-called off-shore roll-up funds. But he is concecoed that the proposed legislation could well change the fundamental position

for expatriates when they return to the U.S. and he douhts the Government's stated intention to Government's stated intention to protect the genuine expatriate. The company's offshore opera-tion in the Isle of Man-Lloyd's Life Assurance (Isle of Man)-had operated within the clearly defined tax environment for ex-patriates and had oever sold policies to UK residents. He told ebaraboldare that this cont

of ill-defined tax change implemented without warning made the task of running a respon-sible business very difficult.

A surplus of 22m was achieved in the year to Septem-ber 30 1983 compared with £1.5m in the previous year. The com-pany is carrying forward a sur-plus of £6.4m in the life fund. The combined value of policy-holders' funds has nice area the holders' funds bas risen over the year from £159m to £228m. The value of the company's shares cose from £8.25 to £9.50 Premium income rose by more

Premium income rose by more than 40 per cent from £56.3m to £79.6m, while gross investment income climbed over 20 per cent from £12.9m to £15.5m. Claim payments were up nearly 80 per cent from £15.1m to £27.1m-with surrender payments more than doubling from £9.9m to £20.5m. told shareholders that this sort £20.5m

residential. The commercial portfolio includes a joint venture with the Reckitt & Colman Pension Fund valued at £2.47m of properties matoly located in properties Commercial Newcastle. Grainger central Shires Investment £2m placing UK INSTITUTIONS and clients

of Laing and Cruickshank have subscribed a total of £2m cash for 1,057,543 new ordinary 50p shares in Shires investment. Subscription price per sbare was 183.85p, equal to the net asset value attrihutable to each existing ordinary on February

The share placing has increased the fuods available for investment by Stanecastle Assets, the new investment manager of Shires, by some 40 per cent. Shires has also made a scrip issue of 500,000 warrants to sbareholders oo the register on February 10 on the basis of one

warrant for every five ordinary shares held. Each warrant will carry the right to subscribe for one new ordinary sbare in Shires at a price of 182p per share during

COMPANY NEWS IN BRIEF

At the close of bu net final dividend has h At the close of Dusiness on Per share, earnings come out net final dividend has been held February 17 last, net asset value at 2.17p (1.96p), and the divi-per 5p ordinary share of the dend is lifted from 2p to 2.1p total at 3.35p. Winterbottom Energy Trust net with a second Interim of Gross revenue rose from f6.97m totalled 90.9p after prior charges at holders receive an unchanged the figure emerged rate of 0.04375p and a scrip issue of 0.4375p and 0.4575p at 1.85p which keeps the year's At the annual meeting of Guinness Peat Gconp, Lord Croham, chairman, told members that the first half of the current year was comfortably ahead, and that profits for the period were of 9,287 shares distributed on the hasis of 1.30352 new for every at 93p. The net asset value attributable 100 beld. to the ordinary and "B" shares * of English & Scottish Investors Net ass to the ordinary and "B" shares of English & Scottish Investors bas risen from 111.85 to 157.9p in the 12 months ended January 31 1984. At the end of July 1983, it had reached 145.1p. Prior charges have been taken at par charges have been taken at par that the first half of the current that profits for the period were expected to reflect this trend. He added that it remained the board's expectation that an interim dividend would be declared in May. Second half results were expected to be higher than those of the first. 510,000 to f2.03m, while the net figure was up from f1.24m to f1.35m after tax of f451,495 (f431,214).

Dealings in the new ordinary shares and warrants will begin today.

As proposed in a letter to shareholders in January, Sir Russell Sanderson has been appointed a director of Shires and elected chairman in place of Mr C. St G. S. Clarke who has stepped down after 14 years in that post

that post. Mr Clarke remains on the

board together with Mr R. M. Clarke. Mr J. C. Walton and Mr W. F. Forsyth have also been appointed directors. Mr M. G. Haines and Mr T. H. Hobson have resigned from the board

the years 1985 to 1993 inclusive. The new ordinary shares also carry an enuitlement of a total of 217,568 warrants in the pro-portion of one warrant for every five new ordinary shares sub-fict new ordinary shares sub-fict new ordinary shares also portion of one warrant for every five new ordinary shares sub-fict new ordinary shares also the pro-portion of one warrant for every five new ordinary shares sub-scribed. The new ordinary shares also the pro-the pro

objective for many years and said he was determined to main-tain and enhance its dividend pollcy.

due March 15, 1986 bearing the following distinctive oumbers:

OUTSTANDING COUPON BONDS OF \$1,000 EACH BEARING NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS: 19 21 22 26 27 30 37 41 44 45 51 56 61 63 75 80 84 90 23 94 98 ALSO COUPON BONDS OF \$1,000 EACH BEARING THE FOLLOWING NUMBERS: 15286 15386 5786 7786 15486

NOTICE OF REDEMPTION

To the Holders of

Government of New Zealand

Twenty Year 61/2 % Bonds due March 15, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Cuaranty Trust Company of New York, as Fiscal Agent, has drawn by lot for redemption on March 15, 1984 at 100% of the principal amount thereof through

operation of the Sinkiog Fund, \$822,000 principal amount of said Twenty Year 61/2% Bonds

FULLY REGISTERED BONDS WITHOUT COUPONS

Namber	Principal Amount to be Redcemed	Number	Principal Amount to be Bedecued	Namber	Principal Imount to be Redeemed	Number	Principal Amount to be Redormed
R161 R162 R153 R164 R165	\$25,000 \$25,000 \$25,000 \$25,000 \$25,000	R166 R167 R168 R169 R169 R170	\$25,000 \$25,000 \$25,000 \$25,000 \$25,000	R171 R172 R173 R174 R174	\$25,000 \$25,000 \$25,000 \$25,000 \$25,000	R176 R177 R215 R307	\$25,000 \$25,000 \$ 1,000 \$ 1,000

On March 15, 1984, the Bonds, or portions thereof, designated above will become due and payable at the principal amount thereof in such coin or currency of the United States of America as is legal tender for the payment therein of public and private debts, and will be paid upon surrender thereof at the corporate trast office of Morgan Guaranty Trust Com-pany nf New York, 30 West Broadway, New York, New York 1001S, or at the option of the hearer or registered holder but subject to any lows and regulations opplicable thereto in the country of ony of the following offices, at the offices of Morgan Guaranty Trust Company of New York in Antwerp. Brussels, Frankfurt, London or Paris, or at the office of Baring Brothers & Co., Limited in London. Coupon Bouds surrendered for redemption should have attached all unmotured coupons appurtenant thereto. Coupono due March 15, 1984 should be detached and collected in the usual manner.

Usual manner. Upon surrender of o fully registered Bond for partial redemption, there will be issued a new coupon Bond or Bonds or fully registered Bond or Bondo for the unredeemed portion of such fully registered Bond surrendered. Fram and ofter March 15, 1984 interest shall cease to scerue on the Bonds, or portions thereas the borst design and the redeemed portions.

thereof, herein designated for redemption.

GOVERNMENT OF NEW ZEALAND

ESTORS CAPITAL TRUST PLO Vinvestment trust with assets Having sold a quarter of our U.S. equities in November, year-end assets included 23% in fixed interest Vof £166 million invested world wide for capital growth. and cash investments. \mathbf{w} The year-end spread Our currency exposure is of investments was 34% in significantly hedged and includes Sterling 50%, the U.K. and 66% overseas including North America 44% Yen 24%, U.S. Dollars 17% and D-Marks 4%. and Japan 17%. For your capy of the 1983 Annual Report return this Year to 30th November 1983 1982 1.25 coupon to: INVESTORS CAPITAL TRUST PLC £166,124,000 £129,493,000 Total assets 9 Charlotte Square, Edinburgh EH2 4DY. 231.3p 179.9p Net asset value Name. £6,206,000 £5,010,000 Total income Address. 3.45p 3.35p Dividend or Telephone 031-225 4533.

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SHARE STAKES

Bespak — Mr W. E. Warren, a Mr M. A. Knowles, a director, director, has disposed of 50,000 has sold 10,000 shares. ordinary at 288p each. H. C. James — Mr J. E. Aisher has sold 30,000 beneficial ordinary. S. & W. Berieford — Mo W. J.

S. & W. Berisford - Mr W. I. cent). Hubert, a director and trustee, has disposed of 25,000 ordinary. Mercantile House Holdings —

Matherwood has acquired a further 10,500 abares bringing its total holding to 170,000 (5.41 per cent). Racal Electronic—Sir Ernest Harrison, chairman, sold 50,000 ordinary shares at 192p on February 8.

J. Saville Gordnn — Mr J. E. Willetts, a director, and his wife, have disposed of 143,949 ordinary to adult members of their family. Mr Willett's beneficial holding is now 357,282 shares. In addition, Mr Wiltetts has transferred \$6,956 shares to his wife. This transfer has not affected his F. H. Tomkins-G. F. Hutch-ings, a director, Simon and County Bank are interested in 7,222,325 ordinary shares. Estates Property Investment Co-As at February 16 Clabir International NV, a wholly-ownad subsidiary of Clabir Corp. was interested in 4.087,500 ordinary shares (21.39 per cent). Henry D. Clarke Jnr, is Interested in the same 4.087,500 shares. transfer has not affected his beneficial holding.

Norfolk Capital Group — Kennedy Bcookes Finance, a wbolly-owned subsidiary of Ken-nedy Brookes, has acquired a further 125,000 ordinary in addi-funt to the 900,000 shares in Norfolk Capital Hotels acquired on Fehruary 3. Three directors of Kennedy Brookes also acquired 150,000 shares in Norfolk Capital Camford Engineering — Omes-Falconer has acquired 1,025,000 ordinary ahares (5.667 per cent). Kuwalt Investment Office has acquired 60,000 ordinary sbares thereby increasing holding to 2,475,000 shares (8.3 per cent). 150,000 shares in Norfolk Capital Hotels on February 3 and other parties acting to concert acquired 200,000 shares.

Nontagu Boston Investment Trust—as a result of the pur-chase of 500,000 ordioary sbares on February 15 Drayton Con-solidated Trust is beneficial owner of 2,649,670 ordinary shares (26.4 per cent). Standard Fireworks_St shares (25.4 per cent). Standard Fireworks—St Andrew Trust now has an interest in 210,000 ordinary shares (approximately 5.6 per

cent).

2,475,000 shares (8.3 per cent). Rellock Trust—The company purchased 34,000 of its variable rate convertible preference shares on February 14 at an average price of 24.37p per share and 25,000 on February 16 at 24p per ahare. for cancellation. Danae Investment Trust—The trustees of Leinster Private Hire Co Pension Scheme now holds 1,400,440 capital shares (20 per cent).

Harvey

and Thompson

Gerrard and National -- The

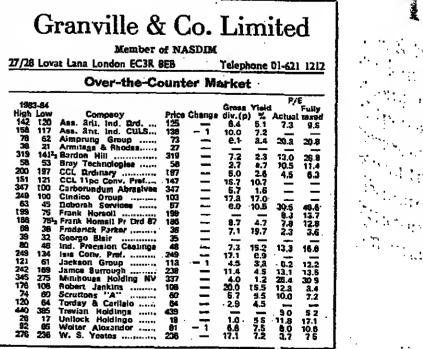
shares, and now bolds 1,891,506 (19.01 per cent). Hollas-Jacques Sultan, direc-tor, and his wife, have each dis-posed of 100,000 ordinary shares. Hampson-C. J. Clayton, a director, purchased 15,000 ordinary shares and J. L. Cutier, a director, purchased 30,000 ordinary shares. Also S. J. Hardle, company secretary, pur-chased 5,000 ordinary shares. Reliant Mntor-Mintinix has acquired a further 25,000 shares, bringing its total holding to 550,000 (9.93 per cent).

taxed loss of f1,409 for the balf, year ended December 31 1983, compared with a net profit of f6,454 in the corresponding period of the previous year. In yesterday's report, the figures were inadvertently given as £1.41m and f6.45m.

cent). Emray—Rosano AG has ceased to be interested in the bolding of 2,186,000 ordinary shares. London & Gartmore

As a result of increased borrowings, London & Garimore investment Trust ran up a net taxed loss of £1,409 for the half 134 61 169 249 121 242 345 176 74 120





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MINING NEWS

Denison expects further growth

BY KENNETH MARSTON, MINING EDITOR

CANADA'S Denison Tines CANADA'S Denison Fines expects to earn more this year after having boosted 1983 nat income to C\$101.5m (£56.1m) from C\$50.6m in 1982, thanks to the growing contribution from oll and gas. The confident fore-cast for 1984 was made at the Toronto meeting by Mr Stephen B. Roman, the energy group's chairman. expects to earn more this year after having boosted 1983 nat income to C\$101.5m (£56.1m) from C\$50.6m in 1983, thanks to the growing contribution from oil and gas. The confident fore-cast for 1984 was made at the Toronto meeting by Mr Stephen B. Roman, the energy group's chairman. Looking further ahead, he predicted that 1986 revenue would reach between C\$2.5bn and C\$30n compared with C\$676.1m last year. He noted that increased revenue would come from the big new 50 per centowned Quintetts coal project, potash th

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and Cason compared with Casoral Last year. He noted that increased revenue would come from the big new 50 per cent-owned Quintetts coal project, potash in New Brunswick, Denison's 10 per cent interest in the Sicilian Vega oifield and two commercial oil discoveries in Egypt. Mr Roman added that the first year's revenue from the Egyptian field would probably exceed CS100m, but development of the field is being held up pending the outcome of arbitration on a dispute between Denison and dispute between Denison and Egyptian General Petroleum Corporation over whether one of the two leases has expired.

BOARD MEETINGS

FUTURE DATES	
onsolidated Plantations ops Alimsn Internations; i stor	Mer 1 Feb 23 · ¹ Feb 27 Feb 24
larine Advantura Sailing Tet alna Industries	May 9 Fab 28
anro Industries lagden Indestries larjey	Mar 22 Feb 28 Feb 29 Mar 5
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would be forced to renegotiate its coal supply contracts with Jepanese customers. Mr Roman, however, reiterated

the two leases has expired. Denison's president, Mr Clif-ford Frame, told the meeting that "we are very hopeful that these difficulties will be resolved soon," There has been speculation that the new Quintette mine

SOMEs rich gold values have been obtained by Greenwich Resources in a new discovery ishould some 500 km north of Khartoum, two gold bearing reefs have an ore potential of 5,000 tonnes have ranged up to a high 260 grammes per tonne from only

Utah profit better than expected

Greenwich Resources discovers

In U.S. collars. Utan sam. Contracts involving the de-livery of 1.4m tonnes of coal to coal and Utah's one-third new markets in Hong Kong, interest in the Mount Golds-Turkey, Algeria and Yngoslevie worthy iron ore project was also helped the company to A\$953.8m, up from A\$878.6m the maintain the level of profits, war before.

BANK FÜR GEM

Samuel Montagu

The

	Akti	engesellschaft
Bank of Americs International Limited	Bank of Tokyo International Limited	Bankars Trust International Limited
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Lehman Brothars Kuhn Lneb Inte	rnational, Inc. Tho Nikkr	a Securities Co., (Europe) Ltd.
Merrill Lynch Capital Markets	Mitsubishi Finance înternati Lîmited	onal Orinn Royat Bank Limited
Salaman Brothers International	Sumitor	n Trust International Limited
Swiss Bank Corporation Internat	ional Limited	S. G. Warburg & Co. Ltd.

The Natas, issuad et 100 per cent, af their principal emount, have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of a temporary Global Note. Interest will be peyeble querterly in Merch, June, September end December with the first payment to be made in June, 1984.

Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours (Saturdays and public holidays excepted) up to and including 6th March, 1984 from the brokers to the issue:

Hoare Govett Ltd. Heron House, 319-325 High Holborn. London WC1V 7P8

21st February, 1984

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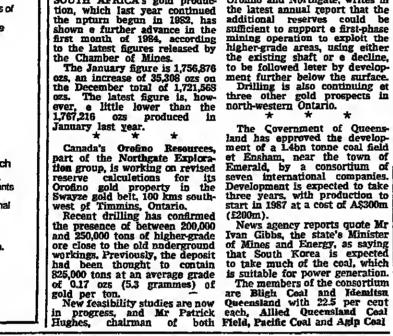
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21st February, 1984



MINING NEWS IN BRIEF

year before.

Orofino and Northgate, writes in the latest annual report that the additional reserves could be sufficient to support e first-phase Anstralia each with 15 per cent and Rininbraun Australia and Lucky Gold Star of South Koree each with 5 per cent. mining operation to exploit the higher-grade areas, using either the existing shaft or e decline, * to be followed leter by develop-ment further below the surface. Drilling is also continuing et three other gold prospects in north-western Ontario. * * *

Emeraid, by a consortium of seven international companies. Development is expected to take three years, with production to start in 1987 at a cost of A\$300m

(£200m). News agency reports quote Mr Ivan Gibbs, the state's Minister of Mines and Energy, as saying that South Korea is expected to take much of the coal, which is suitable for power generation. The members of the consortium

The junior Australian explora-tion company Balmoral Resources tion company Balmoral Resources has reported some encouraging gold grades from the Great Western gold mine north-east of Leonora in Western Australia. An internal shaft below the No 4 level of the old mine bas encountered grades up to 920 grammes of gold per tonne, with an average value of 366 grammes, the company said.

Notice of Redemption

Corning International Corporation

8½% Guaranteed Sinking Fund Debentures Due March 15, 1986

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture dated as of March 15, 1971, under which the above designated Debentures are issued, \$2,233,000 eggregate principal amount of such Debentures of the following distinctive numbers has been drawn by lot for redemption on March 15, 1984 (herein sometimes referred to as the redemption date) through the operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to the date fixed for redemption

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32 3571 5215 8413 9278 10025 11563 13312 13727 14286 14838 15748 16067 16621 16929 17179 17527 18049 18341 18621 18889 19119 19507	9884

of a decline. Net profits of Australia's largest producer of coking coal were AS148.5m (597m), com-pared with A\$148.5m in 1982. because of the continuing world The company said that profits oversupply of coking coal, esti-would bave been A\$30m lower mated at some 20m tounes by but for the currency changes, as Utah'a sales contracts are priced in U.S. dollars. Continue, in the de-

maintain the level of profits.

SOUTH AFRICA's gold produc-

THE DEVALUATION of the Australian dollar last March helped Utah Development to maintain profits in 1983, in spite of forecasts earlier in the year of a decline. Net profits of Australia's Net profits of Australia's were A5148.9m (£97m), com-pared with A\$148.5m in 11982. The company said that profits would bave been A\$30m kower but for the currency changes, as Utah's asles contracts are priced in U.S. dollars. Contracts involving the de-THE DEVALUATION of the Australian dollar last March single customer. Coal shipments last year rose by 8.4 per cent to a total of the company's the totalling A\$123.8m to its parent company Utah International, which is owned hy General Electric of the U.S. and A\$15m to Umal Consolidated, the Aus-tralian company which owns 10.8 per cent of the coal producer. Australia's Broken Hill Prop-rietary (BHP) is in the process of acquiring Utah Internetional from General Electric. Utah's sales revenue from to December of A\$12.16m, up from A\$10.79m.

from A\$10.79m.

Earnings are shown as 11.09 cents e share, compared with 10.15 cents, and the interim dividend is maintained at 7

هكذا حب التجيل

two gold-bearing reefs in Sudan This advertisement complies with the requirements of the Council of The Stock Exchange. **BfG Finance Company B.V.**

(Incorporated with limited Nability in the Natharlands)

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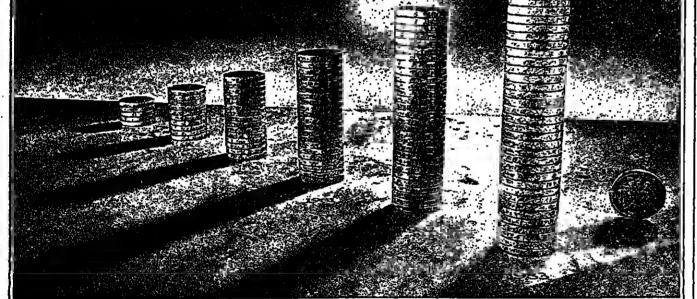
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	4539	8266 8367			10980	18247	13686	14235	14746	15593	16001	16577	16887	17138	17467	18025	18270	18584	18847	19079	19455	19760	
3154	4585	8369	9241	9972	10983	13268	13688	14237	14748	15594	16008	16578	16888	17139	17469	18027 18030	18271	18585	18846	19081	19456	19763	
3155		8370	9243	9975	10965	13256	13689	14238	14749	15642	16004	16579	16890	17141	17470	18030	18272	18587	18849	19063	19457	19764	
		8371 8372	9245	9976	11004	13263	13691	14254	14752	10040	16005	16585	16893	17147	17479	18031 18034	18281	18582	18855	19090	19450	19769	
3161	4567	6378	9247	9991	11009	13266	13699	14256	14755	15648	16012	16586	16901	17149	17481	18035	18287	18594	18861	19093	19461	19776	
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The Debentures specified above are to be redeemed for the said Sinking Fund at the option of the holder (a) at the Receive and Deliver Windowa of Citibank, N.A., Trustee under the Indenture referred to above, 111 Wall Street — 5th floor, New York, New York 10043 or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt (Main), London (Citibank House), Milan, and Paris and the main office of Citibank (Luxembourg), S.A. in Luxembourg, the Company's Paying Agents. Payment at the offices referred to in (b) above will be made by check drawn oo, or transfer to a U.S. dollar account maintained by the Holder with, a bank in the The City of New York. On the Redemption Date such Debentures shall become due and payable at the Redemption Price and on and after such date, interest on the said Debentures will cease to accrue and the coupons for such interest shall be void. The Debentures specified above should be presented and surrendered at the offices set forth in the preceeding parsgraph on the said date together

with all interest coupons maturing subsequent to the Redemption Date. Coupons due March 15, 1984 should be detached and presented for payment in the usual manner.

February 15, 1984

Corning International Corporation By: CITIBANK, N.A., as Trustee

Elegance is never achieved in the same way twice.

22

BIDS AND DEALS

Brockhouse close to its borrowing limits

BY DAVID DODWELL

as Border suitor

Marston

emerges

By Charles Batchelor

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Cazenove & Co.,

12 Tokenhouse Yard, London EC2R7AN

Marsion Thompson & Ever-shed, a Burton-on-Trent brewer, emerged yesterday as the mystery suitor for Border Breweries (Wrexham) with an announcement that it had built up an 8.19 per cent holding. Marston has the tacit consent of Whithward, the large London of Whitbread, the large London brewer with 35 per cent of Marston's equity, for a bid for Border. Talks between Border and Marston, which were announced last week, are still continuing. Border's sbares rose a further 16p to 208p yesterday valuing the company at £11.2m. Mar-ston's sbares firmed 3p to 59p. The announcement that Border was discussing n bid prompted another residual group Border was discussing in bid prompted another regional group. Forshaws Bartonwood Brewery of Warrington, to put in a £9.4m casb bid for Border last Friday. Marston bought 405,000 Border shares at 2021 p and 15,000 shares at 200p to take its stake, includ-ing shares already beld, to 440,000 shares, or £19 per cent of the Border equity, Robert Fleming, merchant bank adviser to Marston said Cannon Assurance is un for America, Europe and the Far The asking price, Citicorp sale again. The Cascade Group East. believes, is underpinned by the of Alberta, Calgary, will be look-ing for a price of at least 540m, given to about 50 companies and perhaps 550m, when the unit linked life assurance group is mit offers by March. A short list finally sold to one of the 50 or will then be drawn up and City. Cascade is therefore to Marston, said.

Whitbread has holdings In both Marston (35 per cent) and Border where it owns 19.6 per cent. It has need its holdings in the past to defind the inde-pendence of regional brewers and normally backs the views of so potential buyers known to be interested. Reyser Ullmann, the merchant ing competitive bids by the eod of that month. bank later acquired by Charter-bouse Group, sold Cannon to Cas-cade, beaded by Mr Alan Graham, for £9.6m in cash in March four bank later acquired by Charterthe existing management. Marston, which brews Pedigree for 19,6m in cash in March inur years ago. Now, bowever, Mr Graham is planning to concen-trale his activities in his native Canada and has already con-tacted some 160 potentially interested buyers in North to be part of a really committed by Mr Alfred Singer, now "want to be part of a really committed by Granada and bas already con-tacted some 160 potentially interested buyers in North to be part of a really committed by Mr Alfred Singer, now "want to be part of a really committed by Granada and Comments and the formation of the source of Pale Ale and Owd Rodger Strong Ale, increased its pre-tax profit to £3.87m in the six months ended September 30 1983 from £3.55m | Canada and bas already conon turover of £24.56m, up from £23.43m

Caparo is proposing to sub-scribe a total of 25m for 20m new Brockhouse shares of 250 Brockhonse, the engineering transport, building and materials handling equipment manu-facturer which bas agreed a 55m subscription for shares from Mr Swraj Paul's Caparo Industries, tota shearbolder, vesterilar that Swraj Pau's Caparo Industries, told shareholders yesterday that it was close to its borrowing limits, faced continuing losses, and bad been warned by its bankers that support would be withdrawn unless a refinancing deal with armored

deal was arranged. At the same time, Caparo Industries, whose main activities include steel stockholding, tubing and foundries, engineer-ing, and the sale of forklift Caparo. trucks, bas warned that in the wake of the subscription, which

would give Caparo control of Brockhouse, shareholders should expect "significant provisions and write offs " linked with disposals and company reorganisation.

BY RAY MAUGHAN

each, at par. Goaro already holds 17.4 per cent of Brock-houses shares, and the deal would boost its stake to a con-trolling 61.7 per cent. If shareholders of both com-

panies accept the deal. Mr Reg Parkes, will stand down as chairman and managing director of Brockhouse, and be replaced by Mr Paul as chairman, and Mr James Leek as chief executive. Mr Leek is chief executive at

Brockhouse's financial advisers conceded yesterday: "Both from the directors' and shareholders' In the year to September 30, 1983, point of view, this proposal is by the group reported a loss on no means the most desirable that ordinary activities of £1.79m-

Cannon sale may yield £40m

corp International, advising on the sale, expects to be entertain-

business," according to Citicorp although no proposals have been received for any form of management buy-out.

Brockhouse said it had £16.4m had not yet been parties "but, to date, none has berrowings slood at £15.1m, he resulted in a firm proposal." "It was recognised that

Last week it was learned that the losses incurred in certain of Oceanside Investments, an over- the group's UK businesses could Creanside Investments, an over-seas holding company represent-ing various Arab interests, had acquired a 7.75 per cent stake in Brockhouse. On the back of Creaoside's buying. Brockhouse tion in the irmarkets. Brockhouse. On the back of Creaoside's buying. Brockhouse tion in the first quarter of the shares rose at one point to 45p. But in the wake of yesterday's were likely to exceed available announcements, the price facilities, and remain above them slumped in 39 p. for a loss of Brockhouse's seven UK subsi-its understood that sir of Brockhouse's seven UK subsi-diaries curreotly making losses. In the year to September 30, 1983, In th

the implied multiples of net worth. Cascade is therefore hoping for a ceiling of f50m based on a 25 times multiple of

Em attributable profits and a fre times multiple of net asset values it will be revealing in the

Cannon's premium income bas

been acceleratiog in recent years

and the advent of MIRAS busi-ness coupled with the chance

that portable pensions, if intro-

duced, will enhance the sales of

unit linked policies are expected

to swell the lists of serious bid caodidates. The U.S. financial

balance sheet.

for certain of Brockhouse's activities and there can be no justino means the most desirable that ordinary activities of 51.79m— thes and have been hoped for—but and losses may stretch to £2.9m faction for retaining high work-it is the only proposal on the for the current year. In the only proposal on the for the current year. We have decided to recommend lt." house's borrowing limits of holders.

BY DAVID DODWELL

"It is essential that renlistic decisions are now faced and taken to secure a viable future for the greater part of Brock-house and its employees." nouse and us employees." Mr Paul said later: "I think the company faces two to three years of losses, but profits can be achteved after that." As part of the deal Caparo availd receive a 5300 MD a year

would receive a \$300,000 n year management fee nntil March 31 1987. Its interest in Brockhouse will "initially be treated as an investment," and the two companies accounts will not be con-solidated until the reorranisation

of Brockhouse is complete. Caparo itself forecast a "substantial increase " in profits in the financial year to December 31 1963. Pre-tax profits in 1962 were £1.22m. It also forecast an were 11.2277. It also rorecast an increase in its dividend, which stood at 1.25p a year aro. Caparo's shares improved by 14p to end yesterday at 42p.

delayed by upturn in stock values By Ray Maughan

Bid findings

2422

57.37

77.39 84945

· * * * *

By Ray Mughan Mr Nurman Tebbli. Secretary of Sinte for Trade and Industry has received the findings of the Monpolies Commission into the proposed merger between Trafalgar House and Peninsular & Oriental Steam Navigation. The Minister has also received the results of the Monopolies Commission examination of the bid for Steelley, the building meterials minerals, and refrac apl materials, minerals and refrac-tories group, from Hopworth Ceremic. The Ministry is expected in publish the findings on this morger later this week.

on this morger there this week. In both cases, the Monopolies Commission has asked for further additional time in which to investigate and the scale of national economic recovery, mirrored by the upturn in stock market values, has lifted the terms of each original bid substantially.

substantially. The decision on the P & O bid is not expected for another. three-four weeks but the stock market is already anticipating an increase in Trafalgar's bid, if allowed. The terms were first set at five Trafalgar shares for every four P $\stackrel{*}{=}$ O stock units. At current prices, the first offer would have been worth £370m, up by about £80m, or 260p per stock unit. The market price is now 277p. Eaclier expectations that

Earlier expectations that Hepworth would be allowed to proceed with a new offer for Steetley were unsettled yester-day as Steetley's ahare price dropped 7p to 253p and Hepworth added 5p to 141p. But even after this correction. Steetley is still well ahead of the original terms which would have valued the group at £123.2m or 201.4p per share.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

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tation) Act. 1908 Recistered No. 125575

Placing of £3,000,000 11% per cent. First Mortgage Debenture Stock 2024 at £98.548 per cent. payable in full on acceptance

Transition of the Ordinary Share Capital from the Unlisted Securities Market to the Official List

Application has been made to the Council of The Stock Exchange for the whole of the above Stock to be admitted to the Official List.

The Stock will carry interest at the rate of 1134 per cent. per annum which will be payable (less income tax) half-yearly on 31st March and 30th September.

Application has also been made to the Council of The Stock Exchange for the Ordinary Shares of 25p each to be admitted to the Official List.

Particulars of the Stock and Information about GraInger Trust p.I.c. are being made available in the Extel Statistical Services and copies of both documents may be obtained during usual except Saturdays, up to and including 6th March, 1984 from:

BIDS AND DEALS IN BRIEF ICC Oil Services has completed the vendor placing of 3,260,923 shares to raise part of the purchase consideration of Jenkins & Davies. The placing has been based in the UK. Auri-

is conditional only upon the completion of the acquisition and the granting of permission to deal in the consideration shares on the USM.

shares on the USA. Pritchard Services Group sub-sidiaries have agreed to pur-chase 3,843,338 of the considera-tion shares and after completion of the Jenkins & Davies acqui-sition Pritchard will continue to held 49 part south of the combold 49 per cent of the com-pany's enlarged share capital and as a result will be able to increase its overall shareholding without incurring an obligation to make a second effect to make n general offer.

subsidiary, Visijar Tuckers, \$227,000. Until now Visijar's entire opera-tion of distributing plastic sheet a sound *

dening

centres.

to swell the lists of serious bid caodidates. The U.S. financial services industry may well bring forward the eventual huyer.

has been based in the UN. Auxi-glass is a privately owned major distributor of plastic sheet, sili-cone sealants and ancillary pro-ducts to the glazing industry. In 1983 Auxiglass produced a pre-tax profit of some £81,000 from sales of £5m. Net assets prior to the injection of the new funds came to about £33,000. * * Glacier Metal Company, a member of the AE Group, has purchased a 52,000 sq ft factory in the Queens Park district of Glasgow from the Scutish Deve-lopment Agency, as part of a plant to expand its assembly bearing activities.

* * * S. G. Warburg & Co., as an associate of Bassett Foods, has its initial move into Europe with the acquisition of n 50 per cent interest in the French-based distribution company. Auxigiass distribution company. Auxigiass * * * * SA. Cost of the purchase is Unitech, through its subsidiary £115,000 casb and the provision UL America, bas agreed to of an interest free medium term acquire US Components, a loan of some £115,000 until manufacturer of connectors for December 1988. There will also the electronic and military be the option to acquire the markets, for S3m (£2.12m) casb. other 50 per cent at any time As at April 30 1983 the net between 1986 and 1989 based on a profits formula. Hartons, which is a member of the USM, is making the trans-action through its wholly nwned before tax for 1982-83 was * * and managerial problems associated with the running of a fleet of vehicles.

Fisons buys seeds company

from Shell Holdings

shops and garden

Fisons has extensive interests

Brit. Bank of Mid. East Brown Shipley CL. Bank Nederland ...

Trade' Dev. Bank Whitesway Laidlaw ... 9 %
Whitesway Laidlaw ... 9 %
Williams & Clyn's 9 %
Wintrust Sees. Ltd. ... 9 %
Yorkshire Bank 9 %
Mombers of the Accepting Houses
Committee.
7-dey deposite 5.5%. 1-month
5%. Fixed rate 12 months £2,500
5% £25,000, 12 months 9.5%.
7-dey deposite on sums of: under £10,000 5%. £10,000 up to £30,000
6%. 50,000 and over 7%...
Call deposite 51,000 and over 5%...
Demand deposite 5%...
Mortgegs base rate. C. E. Coates Comm. Bk. of N. East Dunbar & Co. Ltd...... 9 Duncan Lawrie 9 Robert Fraser 10 Grindlays Bank 9 Guinness Mahon 9

A.B.N. Bank Allied Irisb Bank Amro Bank Henry Ansbacher Arbuthnot Latham US Components "will provide sound base" in the U.S. for Armeo Trust Ltd. Associates Cap. Corp. Banco de Bilbao Bank Hapoalim BM ... Unitech's component manufac turing division to develop a broad based connector business. The chief executive, who was the controlling sharebolder, has signed a two-year service agreemeot as has the other executive director. * * * Further overseas acquisitions have been made by Imitial, the textile rental and environmental care group. It has purchased the Canberra Steam Laundry in Australia for 5533,000, and in the U.S. has purchased the trade of Bailey Coat, Apron and-Linen Supply of Meridian, Con-necticut for £437,000. Additionally, in the UK two further diversifications have been achieved. The first is the establishment of a special purpose lessing company in which American Express Leas-

BY DAVID DODWELL Fisons, the bealth care and in seeds packaging or agriculture group, has acquired distribution. The seeds business of Temana Mr John Kerridge, Fisons' Bees, a subsidiary of Shell Hold-ings UK, in a cash deal worth in the region of £3m. Fisons will pay £1.35m for the the UK under the brand names sumer products business of "Bees" and "Webbs," and at the same time take responsi-bility for inlergroup debts in the order the leading bility for inlergroup debts in the order the leading the same time take responsi-bility for inlergroup debts in the overall operation," the which will lift the total con-sideration to about £3m. "Bees" seeds are the leading the UK, while "Webbs" seeds are sold primarily through gar-dening shops and garden was until now atached to the seeds distribution business. The terms of this management buyout were not disclosed. **BASE LENDING RATES**

Morgan Grenfell & Co. Limited New issue Department, 21 Austin Friars, London EC2N 2HB

Wise, Speke & Co., ercial Union House, 39 Pilgrim Street, stle upon Tyne NE16RQ

21st February, 1984

Factory area: 528% increase over 6 years. "We could not have done it without the Corporation's help". Joe Lines, Managing Director, Joseph H Lines & Sons Limited

special which American Express Leas-ing (UK) has a 24 per cent interest. An annual rate of investment of not less than F10m is planned. The second is the establishmeat of FAMS (Fleet Advisory Management Services) to pro-vide a wide range of services covering the operational, tech-nical, financial administrative

> Maybe the reason the successful businessmen. on the left wrote their lines was because they liked the look of our lines.

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And your family will love the modern shopping complex, (The Kingfisher Shopping Centre) the sports and leisure facilities and the breath-taking beauty of Shakespeare country.

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Post to: Bernard Ryan,

Postcode

A few lines from Redditch businessmen.

Turnover: 186% increase over 5 years. "I doubt whether we could have set up and expanded without the Corporation's flexible attitude". Bernard Slater, Managing Director, Slater Yendall Limited.

No. Employees: 800% increase over 3 years. "Skilled labour and sub-contract manufacturers are available locally". Derek Squires, Managing Director, Newell Shu

Aren't you ready for

Holmwood,	rector, Redditch Development Corporation, Plymouth Road North, Redlaw, iire.Telex Redlaw G. 335201.
Please arrange a video pres a fact file	for me to have:- sentation on Redditch (format required)
Lanacinge	a visit to Redatica
Name	Position
Company	
Addresse	

Telephone

furnover: 329% increase over 3 years. "Redditch is an ideal centre for radial distribution". Geoff Quentin, Managing Director, Contract Foods Ltd. العناقع

MANAGEMENT 24 CLASSIRED 25-26 LONDON STOCK EXCHANGE 27-29 UNIT TRUSTS 30-31 COMMODITIES 32 **CURRENCIES 33** INTERNATIONAL CAPITAL MARKETS 34 WORLD STOCK MARKETS 34

SECTION III - INTERNATIONAL MARKETS **FINANCIAL TIMES**

Tuesday February 21 1984

WALL STREET

Bonds in search of support

BOND markets face a difficult session on Wall Street today – in the wake of a setback on Friday afternoon. Bond prices have fallen by nearly 2½ points over the past fortnight and on Friday broke through support levels which could leave them vulnerable to a further sethack, writes Terry Byland in New York

The most recent fall in the bond market followed suggestions on Friday afternoon that the Federal Reserve was about to increase the discount rate in re-sponse to last week's flow of official data disclosing strong growth in the U.S. economy.

The discount rate has stood at 8% per cent for more than a year. While the rumours of a discount rate rise died away before the close of the market, the flurry of nervousness proved enough to push the key long bond - the 12 per cent of 2013 - below par value, a level not seen since mid-December.

Credit market analysts had been watching closely as the key bond price dipped towards its par value on two occasions in the previous seven days.

Par value for the key long hond is regarded hy analysts as a testing point for

Standard & Poors 500

1931

Feb 17 Provious

1982

Year ago

1983

(Composite)

End Month Figures

180

80

NEW YORK

1979

1980

STOCK MARKET INDICES

those pension fund and other institutional investors who bought the hond to-wards the end of December. If the bond price moves convincingly below 100, then is is believed that support may not re-appear until the price slips to around 98. This nervousness over technical sup-

øa

port levels has also been prominent in the bond futures market, where the price for the futures package dated for March delivery has heen sliding since the beginniog of the mooth.

Friday was a testing day for the March contract, which has its own support level of 89% according to analysts. The contract closed at 89%, and will be keenly watched at today's opening for signs of any further weakness.

The slide in the bond market was gradual earlier this month hut gathered pace last week when new evidence of the upsurge in the economy resurrected fears that the Federal Reserve might

tighten money policies. The upward revision of Commerce Department growth figures for gross national product to a 4.9 per cent annual rate in the fourth quarter of last year, was quickly followed last week by the disclosure of strong growth in house building, industrial production and retail spending.

From the bond market's viewpoint, the timing of these developments was unfortunate, since they were quickly fol-lowed by a record \$16.25hn Treasury funding programme spread over the range from three-year, 10 and 30-year dated securities.

Rates began to edge higher in the market ahead of the auctions of the new Treasury issues. The sale of 30-year

1300

1200

700

STERLING

\$

FT- Industrial Ordin Index CIII-Share

1984

CURRENCIES

U.S. DOLLAR

1984

KEY MARKET MONITORS

bonds proved difficult, and auction yields of 11.88 per ceot were several hasis points above market levels, despite a rise in the yield on the existing 30-year hond of six basis points hetween the an-nouncement and the holding of the auction.

The weight of Treasury financing left the hond market dealers with extensive lines of stock on their books.

Thus, the technical pressures bearing down oo hood prices could prove signifi-cant this week. Both the key long bond price and the March futures contract have succeeded so far in bouncing up again when their support levels were tested. But Friday saw the hond price dip through par value, with the futures contract also weak.

The market analysts will be watching keenly to see which way prices move at today's opening.

LONDON

Pessimism returns to the surface

RENEWED pessimism over short-term U.S. interest rate trends caused London equity markets to enter the final leg of the current trading account in uncertain mood yesterday. Investors again chose to ignore hlue-chip industrials in favour of speculative issues or likely recoverylinked stocks.

Prices drifted steadily in thin trading and the FT Industrial Ordinary share index, down 4.6 at 3pm, closed 3.7 off at 812.5. Similarly the new FTSE 100-share index settled 3.6 lower at 1,035.4 after heing 4.8 off at one stage.

A marked reluctance to commit funds of any size ahead of market beliwether ICI's preliminary statement on Thursday was evident

Detoils. Page 27: Share information service, Pages 28-29

From today, the FT Government Securities index is replaced in the market monitors panel by the FT-Actuaries long gilt yield index for high-coupon stocks, which allows a greater degree of comparability with the yield on the bellwether U.S. 30-year Treasury bond. Both will still appear on the London Stock Exchange page.

U.S. markets were closed yesterday for the Washington's Birthday holiday.

AUSTRALIA

TOKYO Sidelines adjudged the safest

IN THE ABSENCE of fresb incentives, investors stepped to the sidelines in To-kyo yesterday, sporadically selecting some cash-traded and high-priced stocks, while bond prices eased on concern over a U.S. interest rate rise, writes Shigeo Nishiwaki of Juji Press.

The Nikkei-Dow market average in-creased 18.02 over last week's close to 9,937.88. Volume came to 140.47m shares, the smallest for a full-day session since November 7. Declines outoumbered advances 335 to 325, with 191 issues unchanged.

An increased margin huying halance and sales by non-residents combined with the closure of the New York market to cause investors to adopt a hands-off attitude.

In early trading, investors bought some cash and high-priced issues in a hid to ohtain sbort term profits. In the cash stock sector, Kanto Denka

Kogyo hecame popular on strong demand for magnetic materials for 8mm video tapes, with its price surging Y90 to close at an all-time high of Y1,950. The previous peak of Y1,920 was attained on Fehruary 7.

Nissan Chemical Industries firmed Y12 to Y351 in sympathy, with its trade volume amounting to 7.99m shares, the day's largest. Nitsuko advanced Y80 to Y4,030, oo an

expectation that it would carry out a 15 per cent capital increase on a gratis hasis at the end of the current husiness

year ending in March. Of the high priced stocks, Kyocera advanced Y80 to Y10,130 and Kokusal Denshin (KDD), Japan's international telecommunications monopoly, Y600 to Y18.790.

Amid the lack of vigour, investors increasingly expect investment trusts to move into the market. Nomura, Yamaichi and three other investment trust management houses are scheduled to invite subscriptions for such trust funds amounting to Y125hn between now and the end of February. Of the total, the

five plan to invest some Y35bn in stocks. The bond market eased, reflecting ris-ing caution about the firming of U.S. interest rates.

Trading in the over-the-counter bond market remained slow, with small-lot selling seeding up the yield on the barometer 7.5 per cent government issues, maturing in January 1993, to 7.39 per cent from Friday's 7.37 per cent.

10.500 Tokyo Nikkei Dow Average 10,000-9.500 May 16, 1949-100 Dec 1983 مجل Nov 1984 EUROPE Activity

at a low ebb

TRADING levels ehbed markedly on most European bourses yesterday, amid the absence of U.S. activity and caution induced in local operators hy Wall

Street's lack of composure last week. Attention in Frankfurt centred less on the day's movements than on the planned Nixdorf flotation. Siemens, in possible reaction, shed DM 1.50 to DM 400.50 - hut this was not far out of line with a generally easier tone which left the Commerzbank index 4.6 off at 1,051.0.

Vehicle issues were weak, showing Daimler Benz down DM 6 at DM 573, BMW off DM 5.80 at DM 423.20 and VW DM 2.50 lower at DM 213.

BHF succumbed most to profit-taking among the hanks, dipping DM 6 to DM 291, while Commerzbank lost DM 2.20 to DM 167.60 and Deutsche Bank edged down just 20 pfg at DM 388.

Domestic bond prices ended quietly lower, with falls ranging to 35 hasis points, and the Bundeshank stepped in with purchases of public paper totalling DM 35.8m.

23

Zurich, by contrast, found reserves of underlying strength which enabled a firmer result in all the main sectors except insurances, where Zurich Insur-ance shed SwFr 100 to SwFr 17,400. Banks meanwhile led the way upward, featured by strong demand for Swiss Bank on the possibility of a dividend rise.

Its stock added SwFr 13 to SwFr 360, with foreign orders prominent. Bank Leu put on SwFr 90 to SwFr 4,590 and UBS SwFr 35 to SwFr 3,595.

On the manufacturing side Nestle added SwFr 30 to SwFr 4,860 on its denial that it planned a hid for Beatrice Foods of the U.S.

Domestic bonds held firm, with gains better among corporate than federal issues.

Beatrice Foods was also the subject of speculation in Amsterdam as Unilever declined comment that it had taken a stake. The Anglo-Dutch group's shares firmed 10 cents to Fl 247.10.

Sentiment elsewhere was dull, hut many losses were all hut recovered hy the close, Publisher Elsevier, off FI 12 at one stage, finished just Fl 2 down at Fl 550

Bonds eased some 10 hasis points. France's trade deficit dampened Paris enthusiasm, compounded by technical selling ahead of the account end today. L'Oreal shed FFr 15 to FFr 2,120 and Skis Rossignol FFr 30 to FFr 1,270.

The new FFr 12hn state loan was favourably received.

Settlement day also unsettled Brussels, as did uncertainties over the Belgian franc and budgel deficit. Solvay shed BFr 50 to BFr 3,680 while Gevaert managed a BFr 35 rise to BFr 3,055.

A late Milan rally featured insurer RAS, up L1,640 to L59,490 and in unofficial dealings as high as L60,000, on speculation that the Pesanti group may sell its stake. The industrial majors were neglected, and Fiat slipped L46 to L4.091.

Bonds were firm but thinly dealt as yields were set for the next Treasury auction of credit certificates.

Stockholm, cautious amid the annual results period under way, showed Asea off SKr 5 at SKr 420 ahead of its figures due on Thursday.



Spanish citrus farmers expect record harvest, Page 32

Bid findie delayed) ununh MIRK HIL

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NUING RATES

NEW YORK	Feb 17	Provious		1			S. DOLI			RLING
DJ Industrials	1148.87	1154.94		ILone	(not	Feb	20 Prev	NOUS	Feb 20	Previous
DJ Transport	502.31	509.00		\$		2.68			1.446	1.4505
DJ Utilities S&P Composite	124.66 155.74	125.24		Del Yen		233.			3.8875 337.75	338.5
				FFr		8.28			1.9725	11.97
LONDON	Feb 20	Previous		Swi	-	2.20			3,1925	3.185
FT Ind Ord	812.50	816.20		Guil	-	3.02			.3825	4.39
FT-A Afl-share	490.86	491.99		Lira		1662.			404	2405
-FT-A 500	525.85	527.07		BPr		55.		4.96	79.55	79.7
FT-A ind FT Gold mines	478.87 616.90	479.79		CS		1.248	25 1.24	725	1.805	1.809
FT-A Long git	.10.21	10.22		-	_		-			_
	.10.21	10.24	11.00	I		11	TERES	T RATE	S	_
TOKYO			-	Euro	-cui	renci	CE .		Feb 20	Prev
Nikkei-Dow	9937.83	9925.07		(3-m	onth	offered	rate)			
Tokyo SE	768.69	768.49	300.19	1	£				9%	9%
AUSTRALIA					-	wFr			3%	3%
All Ord.	751.00	750.40				M Fr			5%	5'7.
Metais & Mins.	519.40	520.10	467.70	571			rbenk		15%	15%
AUSTRIA					red ra			CONTRACT.		
Credit Aktien	55.40	55.39	48.77			monih	u.s.\$		10%s	10%
BELGIUM	••	-		(6-	month	U.S.S	1	0%	10%
Belgian SE	141.05	141.69	105.46			Fund	-		9% +	9%
				_		onth C			9.65 †	9.55
CANADA				U.S.:	3-104	with T	bills		9.15 +	9.08
Toronto	2377.9	2383.00	2136.80	I	-	_				
Composite	23/7.3	2303.00	2100.00				U.S B	DNDS		
Montreal Industrials	415.96	418.49	365.25	Tres	sury		Feb	17.	Pn	ev .
Combined	400.96	401.36			-		Price	Yield	Price	Yield
DENMARK				10%	196	36	997%	10.84	9974	10.75
Copenhagen SE	204.57	207.05	111.18	1134	199		99"%	11.79	100%	11.73
	204.07	207.00			5 199		99%2	11.89		11.83
FRANCE				12	201	-	997652		100'52	
CAC Gen	n/2	159.90	104.80	Corp			Feb	-	Pro	-
Ind Tendance	102.50	103.10	108.40	AT 8			Price	Yield 11.70	Price	Yield
WEST GERMANY					July	1990	94% 68%	10.80	94% 68%	11.70 10.90
FAZ-Aktien	356.89	357.60			May		75%	12.20	75%	12.20
Commerzbank	1051.00	1056.60	787.90	Xero						12.20
HONG KONG		_				h 1993	92%	11.95	92%	11.95
Hang Seng	1072.81	1094 87	990.35			Shamro		11.00		11.30
TALY				10%			91%	12.15	91%	12.15
Banca Comm.	220.36	219.37	199.55				Stores			12.10
NETHERLANDS				10%			87%	12.20	87%	12.20
ANP-CBS Gen	161.90	161.30	111.30	Abbo						
ANP-CBS Ind	132.90	132.50	97.20	11.80	Feb	2013	95%	12.20	967	12.20
				Alcos						
NORWAY Oslo SE	236.00	236.29	151.90	12%	Dec 2	2012	96%	12.65	96%	12.65
	230.00	200.29	131.30			_				
SINGAPORE						FINA	NCIAL	FUTU	RES	
Straits Times	1022.34	1037.13	218.69	CHIK	CAGO)	Feb 17	High	Low	Prev
SOUTH AFRICA							Bonds (СВТ)		
Golds	n/a	915.40				of 100		-		
Industrials	968 50	969.30	851.80	Marc				70-04	69-26	70-01
SPAIN						istory is of 10	Bills (1)	47 8 }		
Madnd SE	closed	117.07	103 40	Marc		50110		90.92	90.88	90.92
SWEDEN						tes of	Deposi			
J&P	1563.08	1547.23	1195.49			s of 10	-			
	1.505.00	1,041.20		Marc			90.31	90 43	90.29	90.32
SWITZERLAND				LON	DON		Feb 20	High	Low	Prev
Swiss Bank Ind	373.80	371.50	310.30	Thre	e-m	onth E	urodoli			
WORLD	Feb 17	Prev	Yearago	\$1m	point	s of 10				
Capital Int'l	179.90	180.00	161 80	Marc				90.05	90.02	90.07
	Ines	1000					nal Gift			
GULL) (per ou					ands o	100%			-
		20 85.45	Prov \$383.25	Marci	h		108-23	109-26	108-11	108-28
London		85.75	5382.25			-		OTTLEA		
Frankturt Zürich		65.50	\$382.25				OWNO			
Zunca Paris (fixing)		84.50	\$382.37	(Londa	-					nev .
Luxembourg (fixing)	_	84.25	n/a			t fixing	1	631.6		325.45p
New York [Feb]		osed *	\$384.70	Copp		-			75 £ 9	
* Latest available figure	_			Coffe	-	-		£2064.		061.00
 Litest available figure 				Oil Is	pot A	rabian	light]	\$28.4	5 5	628.45
PERST BANKERS REALS	1100 17	<u></u>		_		_	_	_		
					_					

THE LACK of institutional, particularly American, investors hlunted market enthusiasm in Sydney which had been fuelled by reports, confirmed after the close, that Mr Robert Holmes à Court, via Bell Resources, was bidding for 16m shares of BHP. Bell finished 30 cents up at A\$8.30, while BHP added 15 cents to A\$13.90 against the A\$15 offer price, and the All Ordinaries index closed 0.6 higher at 751.

Gold and hase metal issues were mixed, while hydrocarbon-related stocks were steady to weaker. One of the largest losses for the session was iocurred hy News Corporation, 3ā cents lower at A\$11.

HONG KONG

PROFIT-TAKING developed after a steady start in Hong Kong ahead of this week's latest round of Sino-British talks on the colony's future. The Hang Seog index closed 22.06 lower in thin trading as institutions and large investors remained on the sidelines.

Hutchison Whampoa firmed 10 cents to HK\$17.30, with Jardine Matheson unchanged at HKS13.10. In hanks, East Asia was 20 cents lower at HKS28.50 and Hang Seng lost 25 cents to HKS44.50.

SINGAPORE

BANK, industrial and property shares lost ground in gloomy Singapore tradiog which clipped 14.79 off the Straits Times index to 1,022.34.

Sime Darby shed 5 cents to SS2.57 as the two Malaysian state hodies which are huying a 31 per cent stake in a Sime ruhber company iodicated that they would oot make a bid for the rest of the unit

SOUTH AFRICA

THE FIRMER hullion price sparked a rally in Johannesburg with most gold shares posting gains on the day. Buffels put on R3 to R72 although Free State Geduld managed only a 25 cent gain to R46.75. In mining financials, Anglo-American Gold featured with a R3 rise to R141.

In chemicals, AE & CI slipped 5 cents to R8.25 following a decision to termi-nate its partnership with TriomI Ferti-lizer Investments. Triomf. hit by the recent drought and local economic downturn, had its share listing suspended.

CANADA

OIL AND GAS issues developed a marked weakness in Toronto vesterday while gold-related stocks also came under pressure. Base metals showed some resilience to the overall downturn. Industrials were weak in mixed Montreal trading as utilities and hanks displayed a measure of strength.

An Entrepreneur's Guidebook

by Deloitte, Haskins & Sells

Throughout the United Kingdom, an increasing number of entrepreneurs are launching successful companies in such fields as computers, electronics, communications, aerospace, medicine, and bio-engineering.

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THE MANAGEMENT PAGE: Small Business

MOST people are happy if they make just one fortune in a life-time. But 34-year-old Nicbolas Samuel-who shrewdly invested a substantial sum in Computer and Systems Engineering (CASE) before it achieved Stock and

(CASE) before it achieved Stock Market fame—is now raring to have a second go. A member of the family whose forhears founded Shell, Samuel believes he has found the right vehicle for his purpose in Oberon International, a recently launched compoter peripberals business. The pedi-gree and recent track-record of gree and recent track-record of its young chairman apart, there are several reasons why Oberon is no run-of-the-mill start-up. Its first product, a low-cost optical character reader (OCR) which enables typed or printed material to be entered into microcomputers, is significantly cheaper than anything else on the market. Samuel believes it

 has major sales potential.
 His enthusiasm, moreover, is shared by investors in the City of London. With the comchalked up, Venture Link, a specialist broker which matches entrepreneurs with sources of risk capital, has already raised £1.8m from institutions which includa RIT and Northern, and investment trusts in the Foreign and Colonial stable.

 In line with its lofty amhitions-but still untypically for many high technology British companies — Oberon is determined to attack the lucra-tive American market from Day One

In recent years, bowever, Peter Burton and Derek Laval optical character reading has heen a graveyard for the hopes of many companies which have failed to penetrate the market with new devices. And while small businesses have been suc-cessful at the low cost end of the range, the OCR industry is dominated hy big companies — IBM, Recognition Equipment, Scan Data and Scan Optics to nama but four.

Industry observers confirm that at less than \$500 a unit Oberon's Omni-Reader is for the



(L to r) Duncan Fitzwilliams, Nicholas Samuel and John Lewis: lofty ambitions

An attack on two fronts

Tim Dickson reports on Oberon, a start-up which is undercutting its larger competitors and hoping to hit the U.S. market

the high volumes almost cer-tainly needed to make money. Although the company still he was much happier to have Although the company still bas everything to prove, it has the opportunity to own a small share of a very large company than to hog it all to himself." many of the features of a com-pany venture capitalists love to hack. The story hegan in almost fairy tale style when its in-

Such is the stuff of venture capitalists' dreams but Fitzventor, John Lewis, walked in williams realised that to exploit off the street to see Venture Link's Duncan Fitzwilliams. Fitzwilliams and his colleagues the full potential of the idea somabody else was needed to transform what was then a fairly crude prototype into a viable business.

are well known for taking CASE from a start-up in 1969 to a public quotation 12 years later. But while Fitzwilliams remains It was then that he approached Nicholas Samuel, a former development director of CASE who had dipped deep into his own pocket to help stave off financial crisis in 1977 and who had seeo the gamble pay off when he sold most of his 20 per cent stake for eight times its original value three years later chairman of what is now a well established international computer concern, much of his time. and energy receatly have been, devoted to developing Venture Link's fund-raising and monitoring services for new high-tech ousinesses (so far the company years later.

moment undouhtedly in a price "The idea for a cheap optical "-situataneously left the com-range all its own. But a big character reader seemed very pany to find "something whare question mark hangs over the elegant and seemed to offers I could do my own thing." size of its potential market and great potential," recalls Fitz-4 Although Samuel has heen the company's ahility to achieve williams. "But John Lewis had involved financially and closely

associated with research on the Omni-Reader for a couple of years, Oberon has farmed out years, Oneron has farmed out much of its work to sub-contract specialists (the com-pany still has no premises of its own in the UK). Early seed finaoce provided by Samuel and others, for example, was used to pay for consultants' research

and last year the development project was transferred to ALM Cambridge (which is respons-ible for the electronics, software and mechanical engineer ing) and Ogle Design (which bandles the ergonomic and aesthetic design).

Manufacturing - scheduled to start in the summer - will also be contracted out. A deal is expected to be signed shortly with Timex and another com-pany. "We see a lot of small businesses trying to do their own manufacturing and design." comments Samuel, who advises another venture capital fund part-time, "but there is no way we could bave hired specialists to cover each function. The

per cent cheaper doing it this way and it's so much more flexible - you can have a hig burst of work one moment and then slacken of if you don't want to start another product immediately.

Tackling the North American market forms a key part of Oberon's plans. "Quite frankly it would be a risk not to do so with at least S0 per cent of the English speaking market in the U.S." comments Fitz-williams. A sales office has already been established in Dallas, Texas, to be headed by Marketing Director Group Allen Groh, an American for-

merly with Texas Instruments, who was tempted away from Philips in the early half of last year. Samuel talks eagerly of the 37m or so personal computers and word processors expected to be installed in the U.S. by 1980 (9m by then in the UK)

and points out that just 1 per cent would represent a substantial market.

tial market. A tremendous amount of design and engineering skill has been applied to the Omni-Reader's "head"—a haod-held device that looks a bit like an electric shaver and moves across the typed page on a specially engineered ruler. It can be linked to a microcan be linked to a micro-computer or word processor in the same way as a modem and "reading" takes around three seconds per line. Marketing a new product in a new market place, however, is just about the higgest chal-

lenge any small company can take on. And given the sophis-tication of the device, the reaction of customers to the first batch of products will he absolutely crucial. Oheron bas gooe to great pains to iron out as many bugs as it can at this stage.

Competition, meanwhile, obcompetition, meanwhile, ob-viously poses a major threat but Samuel does not appear unduly worried. While aware of much lahoratory research and the activities of at least one major business in this field— be is confident that Omni-Reader has a comfortable lead. "If a major company did come into the market it would give us extra credibility," he says.

hurdles I had to cross," be De Bruyne is already looking at one or two propositions in the electronics field hut while he is seeking board representa-tion he does not necessarily

In brief... BARCLAYS BANK yesterday launched a Smaller Business Loan Scheme in conjunction wilb the Council for Small Industries in Rural Areas (Cosira). Businesses employ-ing np to 20 skilled people and supported by Cosira's financial and management services will qualify for the loans, which are for a mini-mum of £2.50,000 over two to 20 years.

The costs vary according to the term chosen and depend on whether security is offered. The fixed rate for a seenred loan up to 10 years is 13 per cent at the moment (14 per cent nusecured) with a vari-able alternative at 21-3 per cent over the base. The nego-tiation fee is 0.5 per cent (max. £250).

The Barclays initiative is almost identical to a scheme already being run with Cosira by National Westminster. In hoth cases the aim is to tap the knowledge of Cosira's advisers, who are experienced in putting together business plans and belping on other technical, managerial and

financial matters. But the arrangement suits both parties since it complies with Cosira's pollcy of trying to give maximum encourage-ment to the private sector the maximum the Conneil itself can lend is £75.000). Under the NatWest scheme —launched in September 1982—a total of 41 cases have been approved. Cosira lendiog has amounted to almost film with NatWest putting nn £1.18m in term loans and nearly £200,000 in overdraft facilities. Coslra, 141. Castle Street, Salishury. Wilts SP1 3TP. (0722) 336255.

THE Deloitte Haskins and Sells "High Technology Industry Gronp" has written a new hook entitled "Rais-ing venture capital" which explains how to write a busi-ness plane and lists converse explains how to write a biss ness plan and lists sources and types of finance. Pub-lished by Financial Times Busloess Publishing, It is available from the Marketing Department, 102 Clerkenwell Road, London ECIM 5SA. Price £6 (luc. P and P).

NEARLY half of the chief executives of 36 highly successful smaller American succession smaller American companies randomly inter-viewed by international executive search and recruit-ment consultants, Russell Reynolds Associates, said they devoted at least 70 hours a week to their business activities. None spent less than 40 hours.

Financial Times Tuesday February 21 1984

EDITED BY CHRISTOPHER LORENZ

Support for minorities More help urged for ethnic businesses

BY LISA WOOD

ETHNIC COMMUNITIES need be done in the way of financial 'positive discrimination" if help from central Government.

One of the major recom-mendations of the survey, by Peter Wilson, formerly of the London Business School, was that the Government shuld urge banks to use its Loan Guaran-tee Scheme more frequently in tee Scheme more frequently in assisting hlack entrepreneurs.

Wilson said at the seminar that he saw no reason why the Loan Gnarantee Scheme could not be used for preferential lending to those in inner city areas and particularly to ethnic

groups. Janet Morgan, of the Depart-ment of Industry, explained the scheme was designed for eco-nomic, not social purposes, She suggested that the problem for ethnic businesses was that many people had not received the right help in preparing a husi-ness plan for presenting to the bank. "We provide an advisory service," she said "which we know is not reaching a number

of the people represented hore." Wide support was given to a contribution by David Logan, community affairs manager for the Northern European division of Levi Strauss. "Hand-holding schemes," be said, needed to be set-up, by Government and by business, in which black busi-nesses would be helped in the first few years of activity. His company, for example, is one of five partners in a scheme in the North of England and Scotland which provides low rent accommodation, grants, low Interest loans and technical

assistance, for young people starting their own husinesses. Sam Creenaway, a Conserva-tive member of Brent Council, pointed oot that with a low income base in which to accrue savings, black businesses wera often undercapitalised. Govern- Businesses in Brent. Krom; ment, be said, should take action The Runngmedc Trust, 37A "above the heads" of ordinary Gray's Inn Road, London WCIX hank managers. More had to SPP. Price £4.50.

ing small businesses. This was the message to Government and local govern-ment officials and bankers who attended a aeminar last week called to discuss the implica-tions of a Runnymede Trust-sponsored survey of Afro-Caribhean and Asian small businesses in Brent, North London. Banks, many of which were represented at the seminar, got their usual dose of criticism. The survey itself suggested that maingers saw Afro-Caribbean customers in a less favourable light than Asian clients. Dis-torial and perceived, was still a major prohlem for hlacks wanting to borrow. The survey focussed on Browner Banks, many of which were

Brent's Asian and Afro-Carib-bean business community. Brent has the highest percentage of black and Asian people in Lon-don and has a relatively large amount of ethnic business activity.

Commissioned to look into the barriers facing ethnic busines-ses, the survey found emong things that most had a very parochial marketplace, which

limited their growth. Commenting on the results, Wilson said: "In terms of action we ought to be looking at ways of getting people to reach beyond local markets."

Dependence

Asians in the survey, with a high representation in retailing, had customers from a wider section of tha community than had Afro-Caribbeans. The latter tended to be more involved in services, such as hairdressing. Afro-Caribbean business growth was thus further inhibited by its greater dependence on its

own community. Only 15 per ceut of the Afro-Caribbeans in the survey had started their businesses with a bank loan, compared with 70 per cent of Asians. The differential, said Wilson, was too great for a simple explanation. In examining several of the variables he said that as far as bank managers were concerned there was soma evidence of dis-crimination. "It is difficult to be objective," he said, "but there is extensive perceived discrimination and that is enough to inhihit the borrowing capa-city of these firms."

Black Business Enterprise in Britain: A survey of Afro-Caribbean and Asian Small TAX SHE

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Pastures new

AT 38, John de Bruyne (left) has come a long way since being expelled from Eton. He built Gordon Keehle sports cars before the company making them started to lose money; he science Park to an unnamed public company—for a substan-tories; be sold Clive Sinclair his premises in Camhridge making a tidy profit in the process; and

yeara) he will be eagerly cast-ing around for his next business opportunity.

Like Nicbolas Samuel, de Bruyne is a rare British example of the sort of financial entrepreneur who likes to huild up a business, sell out and move on to a fresh challenge. Like his much more common American counterparts, more aim i over, he does not seem to be trol. able to resist the lure of yea-ture capital. "I suppose there says.

is a sort of vicarious pleasure in heloing other people get going and jumping the sort of

observes.

aim for close management con-trol. "I hope to end up with a portfolio of companies," he FRANCHISES

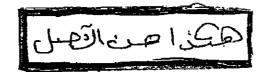




money would bave gone long ago. I reckon it bas been 30 early 1982 he invested £600,000 to develop a Cam-bridgeshire Moat House and its

aurroundings into his own 171 acre science park (see Management page December 21 1982). Last Friday de Bruyne com-pleted the sale of Melbourn Science Park to an unnamed





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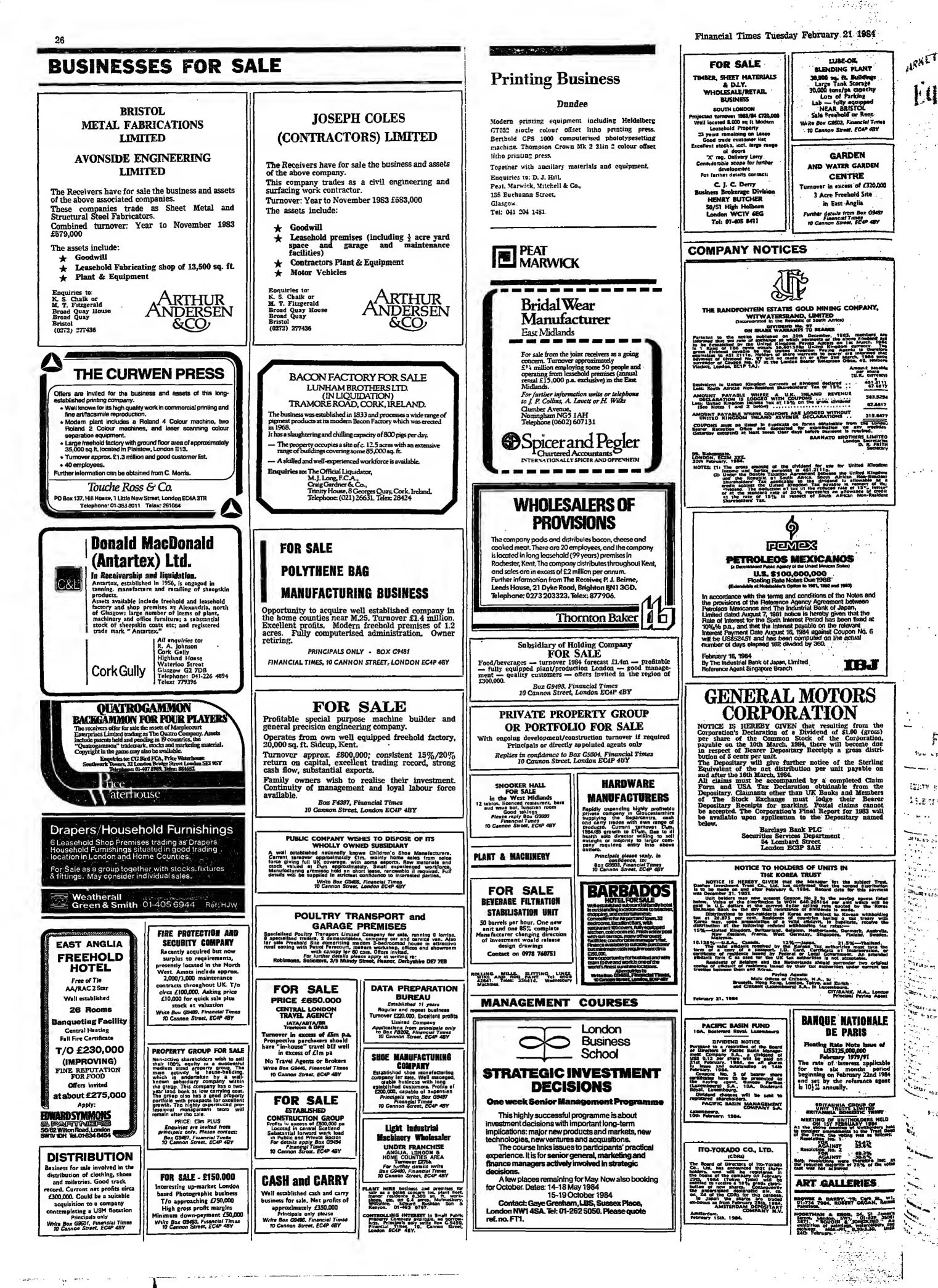
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LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Equity leaders drift back in markets apprehensive

Account Dealing Dates

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and the state of the second

Option *First Declara- Last Account Feb 13 Feb 23 Feb 24 Mar 5 Feb 13 Feb 23 Feb 24 Mar 5 Feb 27 Mar 8 Mar 9 Mar 19 Mar 12 Mar 22 Mar 23 Apr 2 "New-time" dealings may take place from 9.30 an two business days cartiar.

serier. Renewed pessimism about sbort-term U.S. ioterest rates caused Loodoo equity markets to eoter the final leg of tho current trading Account In an uncertain mood yesterday. Londoo iovestors again chose to ignore hlue chip industrials in favour of speculative issues or situalions. Deplays many additional and the termine to the un-trading the termine to solve the termine to the un-trading the termine to the termine termine to the termine term

Dezlers reported that business in leading shares was even slower than on Friday with In-stitutional operators reluctant to commil funds of any oize ahead of Tbursday'z preliminary slatement from market bell-wether IC1. Heighteolog Middle East tension also served as a deterrent, while Wall Street's closure yesterday for Washing-ton's birthday added to the letingry. letinargy.

letingry. Initially, prices were only a shade easier but they drifted steadily lower in thin trading and the FT Industrial Ordinary sbare index stood 4.8 down at 3 pm before clozlog 3.7 lower on the session at \$12.5. Similarly, after being 4.8 down at 1,034.2, the new FTSE 100-share index settled 3.8 down at 1,034.2, the new FTSE 100-share index settled 3.8 down at 1,035.4. Numerouz features appeared amoog secondary stocks with buyers usually concentrating on old speculative f2vouriles and old speculative f2vouriles and week-eod Press columns. After Friday's flurry of excitement, wbich followed Mercantie Honse's hid terms for Alexan-ders, Discount Houses were winder the store store and budley. Store and the store store and budley. Store of the store store and budley. Store and the store store and the store store and budley. Store and the store store and budley. Store and the store store and budley. Store the store store and the store store and budley. Store the store store to the store store the store store to the sto ders, Discount Houses were quieter but inclined firmer in

Brown Shipley jump

Oils. too, were more subdued Oils, too, were more subdued with the market tending to dis-miss Friday's fears that the Strait of Hormuz might be closed. The renewed threat of bigber sbort-term U.S. interest rates, which lowered U.S. bond values quite sharply on Friday, had little impact on the market in Gill-edged securities. Opening quotations were a trifle easier, but Ibe cheeper levels ettracted revived demand from investors encouraged by sterliog's recent encouraged by sterliog's recent improvement against the dollar. Longer-dated Gilts soon regained Longer-dated Gilts soon regained losses ranging to $\frac{1}{2}$ and most managed to close marginally firmer on the session. At the shorter end of the market, bigh-coupon issues were a touch easier where changed, but low-coupon otocks ended $\frac{1}{2}$ better in place

blaces. Brown Shipley highlighted the hanking zector, rearing 60 to lacklustre performance and at-455p on revived hid specualion, tention was again directed G. R. Dawes, currently in volua-towards selected secondary tary liquidation, were marked up to 3 to 101p following details sparked revived support of of the proposed further repay-ment of 12p per share befroe the year end. Elsewhere, Nat-restricted market. E. Uplon West's planned link-up with rose 2 to 52p, with the A 3 hetter Director advanced of a weekend men-

EQUITY GROUPS & SUB-SECTIONS

stocks per section

ing Materials (25) . Contracting, Construction (32). Electricals (15)

Metals and Metal Forming (9) Motors (17).... Other Industrial Materials (19) ... CONSUMER OROUP (196) Brewers and Distillers (23)

Food Manufacturing (22)...

Food Receasing Local Products (Leisure (23) Newspapers, Publishing (15) Packaging and Paper (15)

IPS (83)

STRIAL GROUP (484

±) (9) .

FIXED INTEREST

filas Feb 20

118.63

151.48

134.67

152.67

132,65

108.05

\$1.96

Day's change %

+0.02

+8.06

+8.55

+6.05

-1.01

+8.49

Chemicals (16) _____ Office Equipment (5) _____ Shipping and Transport (14) . Miscellaneous (48) _____

Food Retailing (12) .

Nores (47)_

7 estiles (19). Tobaccos (3).

OTHER GRO

51 Oils (76)...... 59 500 SMARE 61 FINANCIAL

PRICE

3-356 C

5-15 years

All Stock

Over 15 years.

وتو أأسر دستوفا

5years

Banks(6)

Other Consumer (8)

SOO SHARE INDEX.

Discount Houses (B). Insurance (Life) (9)

Insurance Brokers(6).

ALL-SHARE INDEX (747

nt Transis (107) Mining Floance (4) Overseas Traders (15)

Astrance (Comp

eering (64).

ousehold Products (9) .

Electronics (24) Mechanical Equi

10

222

29 32

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63

464444

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about threat of dearer U.S. money dend seasoo oo March 5, softeoed a few peoce to 525p. Discouol Houses were more subdued after Friday's excitement oo the Mercantile House agreed offer for Alexanders; the latter galood 5 further to 565p. Hire Purchases were featured by a late rise in **Provident Financial**, up 7 at 1720.

Londoo lovestors again chose to ignore hlue chip industrials in favour of speculative issues or stocks regarded as recovery situalions. De2lers reported that business in leading shares was even slower than on Friday with in-stitutional operators reluctant to commil funds of any oize shead of Thursday'z preliminary statement from market bell-wether ICL. Heighteolog Middle East tension also served as a delerrent, while Wall Street's los ure yesterday for Washing-on's birthday edded to the Linitally, prices were only a Linitally, prices were only a

reflecting fears that the Hanson Trust offer might not succeed. Fellow brick concero Ibstock Johnsen touched 191p hefore closing 2 net 3 dearer 2t 187p followiog a Press suggestion that Hepworth Ceramic may launch a hid for the company if the a bid for the company if the Monopolies Commission blocks 2 fresh offer for Steetley. Else-where in the Building sector. Heywood Williams attracted buying aheed of the preliminary forums due at the heelming of buying aheed of the preliminary figures, due at the beginning of oext mooth, and rose 8 to 149p, while Marchwiel hardened a couple of peoce to 218p in front of tomorrow's annual results. M. J. Glecsou firmed 7 to 182p following a put-through of 450,000 shares at around 177p per share. ICI marked time ahead of Thursday's preliminary results but the close was a couple of pence dearer at 602p. Renewed speculative buying lifted P.V.C. floor coverings concern James Halstead 8 to 96p. ment, Tunstall Telecom advanced 10 more to 273p. Elsewhere, disappointing preliminary figures left Standard Telephone and Cahles 6 lower et 278p, after 271p et one stage. Pressae, in contrast, responded to Press mention wilh a rise of 11 to 218p. Newman Industries firmed e couple of pence to 28p for a similar reason. The ebsence of any appounce-

similar reason. The ebsence of any aonounce-ment regarding much-rumoured stakeholders made for rather suhdued Irading in TI which settled without alteration at 244p. Among other leading Engineering stocks, GKN drifted 9ff to close 4 cheaper el 203p 2nd Hawker a couple of pence cheaper ot 396p. Bid hopes in Brockhouse, down 7% at 39%, feded following details at the Capero proposals to inject f5m of new capitel into the compeny. Week-end Press mention stimu-lated interest in Wyndham Engiocering. 4 up at 100p, and 1 Manganese Bronze, a couple of Stores subdued

FINANCIAL TIMES STOCK INDICES									
	Fab. 20	Feb. 17	Feb. 16	Feb. 15	Feb. 14	Feb. 13	year ago		
overnment Secs	82,79	82,79	88.89	82,77	8e, 72	82,60	79.54		
xed Interest	87.03	87,05	a7.04	86.90.	86,81	86,81	81,08		
dustrial Ord	816,3	816,2	817,2	816,6	812,1	803.0	644.6		
old Mises	616,2	606,7	616.6	606.0	\$77.7	689,2	708,2		
rd. Biv. Yickd	4,63	4.51	4.50	4,31	4.23	4,32	6,03		
amis 25, Yid.& (full)	6.46	9.43	2,41	9,42	6,40	9,54	10,75		
E Bable (a shi (b)	10.07	10.00	17.04						

Equity turnover £m. - 267.62 219.66 281.19 333,64 214.07 210.16 Equity bargains - 13,137 18,027 18,434 17,840 22,539 21,833 Shares traded (mli... - 174.5 146.1 178.5 163.4 141.4 135.8 ----

10 am 214.1. 11 cm 212.7. Noon 811 6. 1 pm 211.7. 2 pm 211.7. 3 pm 811.0. 8 sts 100 Covt. 20cs. 2/1/58. Fraed Int. 1928. Industrial 1/7/35. Gold Mineo 12/1/58. SE Activity 1974. Lates Index 01-246 8028. * Hil = 12.14.

H	GHS	AND	LOWS	3	S.E. ACT	VITY	,
	198	3/84	Sis ce Co	om pilot's		Feb.	Feb.
· -	High	· Low	High	Low	- Qolly	17	16
Govt. Secs.	63,77 (9/1/84)	77,00 (24)1/88)	127,4	46.14	Gift Edged Bargains	157.3	150,6
Fixed Int	87,47	78.00	150.4	60.03		117.5	110.8
Isd. Ord	840.5	598.4		49.4	Gilt Edged		
Gold Mines	734.7	444.0		43.5	Bargains Equities Bargains	105,2	151.5
					Value	486.7	516.2

Shoez showed FII 6 dearer at with profit-taking and reacted 8 234p; the interim resulto are to 102p, scheduled for next Mooday. Foods lacked inspiration and

scheduled for next Mooday. Leading Electricals were often a shade easier after a slow trad-ing session. Unlisted securities were featured by a jump of 80 to 720p in Microfocus on the bumper annual profits and pro-posed £9m rights issue. Still reflectlog the eocouraging teoor of the chairman'o annual stete-ment. Tunstall Telecom advanced ing session. Unlisted securities were featured by 2 jump of 80 to 720p in Microfocns on the bumper annual profits and pro-posed £9m rigbts issue. Still reflecting the ecocuraging teoor of the chairman'o annual stete-ment, Tunstall Telecom advanced 10 more to 273n Elsewhere

stood out with a gain of 13 at 288p, while another brisk husi-ness left Norfolk Capital a penny dearer at 75p.

BHP advance

Broken Hill Proprietary, the Australian industrial giant, featured with a rise of 40 to 930p following oews of a proposed tender offer for 16m shares from Mr Holmes & Court via an ex-change for shares in Bell Resources; this was quickly followed by an announcemeot of a one-for-five bonus issue and followed by an announcement of ing failure in the South Chine South Chine South Chine Sea. Recent tekeover favourite dividend forecast from BHP. Elsewhere in Miscellaneous In-dustrials, London and Liverpool 2039 end Ultramar, desplite favourable weekend Press com-halved to 9p before closing a net diverpool 2039 end Ultramar, desplite favourable weekend Press com-that the compeny's reconstruction plans. Extel, up 25 al 520p, drew plorers Carless Capel gave up 5 strength from weekend Press Capel gave up 5 strength from weekend Press Capel gave up 5 in 240p, after 138p. Insh exploration issues were voletile, Atlantic retreating 45 to 50 further diversity (21) strength from weekend Press Capel gave up 5 in 240p, after 138p. Insh exploration issues were voletile, Atlantic retreating 45 to 50 further diversity (23) strength from weekend Press Capel gave up 5 in 240p, after 138p. Insh exploration issues were voletile, Atlantic retreating 45 to 50 further diversity and Industrial Hide South Inter Strates TRADERS (11) REAL & Tomosonorton Case Strates TRADERS (12) strength from weekend Press Capel gave up 5 in 240p, after 138p. Insh exploration issues were voletile, Atlantic retreating 45 to 50 further diversity and Industrial Hide Strates (11) strength Atlantic retreating 45 to 50 further the MC could block Hep with technical problems in the the Capel strates (11)

S. MODELS A CARE A C

175p; the shares were originally placed on the Unlisted Securities Resources jumped 15 to 180p following reports of a gold dis Market at 110p. Design consul-taots Michael Peters were waoted at 137p. up 7. while further con-sideration of the encouraging full year Sgures lifted Hunler petot 6 more to 1860 priot 6 more to 186p.

priot 6 more to 186p. Interest in Properties was at a low ebb and significant move-meots were few. Hammersoo "A" slipped 5 to 780p and 8longh Estates lost the turn to 124p. Sammel eased a couple of pence to 135p, hut Peacbey im-proved that mucb to 195p. Else-where, Uniled Real attracted occasional support ahead of Thursday's Interim figures and hardened 5 to 445p. Press com-ment stimulated loterest in Sheraton Securities which added April 550s. Lonrho recorded 20 calls. **NEW HIGHS AND**

LOWS FOR 1983/84 Sheraton Securities which added

65p.

Golds improve

Sheraton Securities which added 14 to 15p. Oils easier Leading Oils pul on a dis-appointing performance and closed with modest losses. A lack of follow-through buying interest after Friday's late upsurge prompted an loitial mark-down and this was quickly followed by profil-taking throughout the list, A minor ralky around midday proved short-lived and quotetions eased afresh awaiting news on the latest developments in the Iran/Iraq conflict and the Lebanon. BP fell to 426p but rallled to close only 3 easier on balance despile reports of a second drill-ing failure in the South Chine Sea. Recent tekeover farourite But the latest develop farourite Summa close only 3 easier on balance despile reports of a second drill-ing failure in the South Chine Summa closed difference and the Summa closed of the taken develop farourite Summa closed of the second drill-ing failure in the South Chine Summa closed difference and the Summa closed of the second drill-ing failure in the South Chine Summa closed of the second drill-ing failure in the South Chine Summa closed of the second drill-ing failure in the South Chine Summa closed of the second drill-Summa closed closed of the second drill-Summa closed of the second drill-Su

desplie reports of a second drill-ing failure in the South Chine Sea, Recent tekeover favourite Burmah closed 5 off at 18Sp. Tri-reotrol receded e like amouot to 203p end Ultramar, desplte favourable weekend Press com-ment, dropped 10 to 675p. Among the domestic onshore ex-placers Carlias Caralle Caralle States (1) Among the domestic onshore ex-placers Carlias Caralle Caralle States (1) States States

RECENT ISSUES EQUITIES

	- · · · · · · · · · · · · · · · · · · ·			
lesue price	HI2h Low	Stock	Ölösing Price	Nat Oly. Covered Covered Yedid P.E. Retto
54 438 423 4270 101 5270 101 500 500 500 500 500 500 50	[F.P.] 9/3 80 70 **Aa [F.P.] -200 160 **Cfi (**Construction) [F.P.] -23 340 *271 Cool [F.P.] -253 230 **Cin [F.P.] -253 200 *Cin [F.P.] -423 398 **Cin [F.P.] -423 398 **Gin [F.P.] -423 398 **Cin [F.P.] -423 298 **LP [F.P.] -130 122 **Mon [F.P.] -70 34 **Ra [F.P.] -70 34 **Ra [F.P.] -130 108 **Si <td< th=""><th>Toyle Plants Bp. soc. Encrgy Ser. 59 (L. Mic Sitems 100 c & Wireless 500 obs Mew. obs Mew. Mew. Social Status (Status) (</th><th>73 188 -2 33\$ -5 90 </th><th>$\begin{array}{c} {}_{b1,4} 3,4,1,1,40,0\\ {}_{b5,47} 3,5,2,314,3\\ {}_{4,66} 1,6,3,325,1\\ {}_{b5,0} 2,3,7,5,7,3\\ {}_{b5,0} 1,3,7,5,4\\ {}_{b5,0} 1,4,7\\ {}_{b5,0} 1,3,7,3,7\\ {}_{b5,0} 1,4,6,116,5\\ {}_{b5,0} 2,5,1,6,6,612,2\\ {}_{b5,0} 2,5,1,6,6,6,61,2\\ {}_{b5,0} 2,5,1,6,6,6,6,6,6,6,6,6,6,6,6,6,6,6,6,6,6$</th></td<>	Toyle Plants Bp. soc. Encrgy Ser. 59 (L. Mic Sitems 100 c & Wireless 500 obs Mew. obs Mew. Mew. Social Status (Status) (73 188 -2 33\$ -5 90	$ \begin{array}{c} {}_{b1,4} 3,4,1,1,40,0\\ {}_{b5,47} 3,5,2,314,3\\ {}_{4,66} 1,6,3,325,1\\ {}_{b5,0} 2,3,7,5,7,3\\ {}_{b5,0} 1,3,7,5,4\\ {}_{b5,0} 1,4,7\\ {}_{b5,0} 1,3,7,3,7\\ {}_{b5,0} 1,4,6,116,5\\ {}_{b5,0} 2,5,1,6,6,612,2\\ {}_{b5,0} 2,5,1,6,6,6,61,2\\ {}_{b5,0} 2,5,1,6,6,6,6,6,6,6,6,6,6,6,6,6,6,6,6,6,6$

FIXED INTEREST STOCKS

r	Bell Groun/BHP saga and were not belped by a lack-lustre show- ing by overoight Sydney and Melbaurne markets. Golds were an exception. how	Issue 1983,84 0tock 0 price 0 1983,84 0tock 0 £ 0 1 0 0 0 £ 0 1 0 0 0 0
1	ever, with Emperor Mines ad-	F.P. ' _ 135 - 120 Allied Textile 10° Cov. Uns. Lo. 1993, 128 }
	vancing 25 to a year's high of	F.P 106 1051; Allasta Inv.Tst. 7; Csv. Red. Cum. Prf. 1051;
8	250p. Whim Creek adding a	F.P. : - 105 101 BAT Inds. 1214; Uns. Ln. 2003 08 102 1,
	further S at a 1983-84 high of	97.072 123 - 253 231 Brixton Est 1 1 or 1at Mort. Oco. 2023 254
	2460 and Southern Resources	• • F.P. — (1130, 10840 Sulmor (R.P.) 8247, 2nd Cum, Prf. U0.0 (-) 3
	gaining 6 to 116p.	99.13 £23 22:3 27.4 24's Elf U.K. 10'4's Uns. Ln. '91. 27 4 + !
	Elsewhere. Greenwich	99.714 C30 (26/4 33) 30 int. 2k. for Rec. & Oev. 11.5% Ln. 2005 31
2	Resources jumped 15 to 180p	1 1/30 10/11 48 301 Lon, Shop Pron. Boc Cay, 94 66 Ser II. 42 -1
5	following reports of 2 gold dis-	1395.711 123 15/0 25/3 24/2 MEPC 10 406 1st. Mort. Beb. 2024 24+7
5	covery in the Sudan.	101 10pd, - 1014 1014 Mid Southers Wtr. 0149 Rod. Prt. 1921 1014
	The added locentive of Wed-	- F.P 1001a 100 Notionwide 101a 8ds 28185
-	nesday's expiry of the February	S97.80 125 - 25 4; 2312 Province de Quabec 1214), Ln. 2020 - 25; - 14
5	series feiled lo entice Traded	69.44 125 13/4: 274 251 Queens Moat 12: 1st Mort. Deb. 2015 274 - >2
-	Option operators and total con-	100 F.P 10014 9814 Rochdole Mel, Spr. 11.10 Red. 2006 100
	tracis amounted to only 1,802-	99,893 (C30 21/3 3214) 2914 3pain 125 Ln. 1968
9	well below last week's daily	86.60 £20 : - 201, 2514 TR City of London 111 pc Beb. 2014 . 2514 -14
-	average of 2,573. ICL prelimi-	
2	nary results due this Thursday,	
1	attracted 184 cells, 100 in the	"RIGHTS" OFFERS
2	April 550s. Lonrho recorded 205	WANTS VITERS
F	April 3305. Bollino recorded 203	

"	_	_						_
	insue price		Latest Renunc. date	1983 Kigh	5/84	Stock	Closing	+•
ł	R28,20		17/9	406	150 138	East Dogga	330 145	
l	160 32 270	F.P. F.P.	3/2	208	196	Do. Options Ellis & Everard Herman Smith 10p	200	
ł	32	NII F.P.	6/9	44pm 38	42pm	Higes & Hill . Jones (Edward) 10p	42pm 351 ₂	-2
I	137 30 350	NU F.P.	9,3	22 pm 58	13pm	McCorquodale	20pm 46	
	350	NII	- !	44 pm	28pm	Sketchloy	32 pm	-2

Resunctation date uscally last day for dealing tree of otamp duty, b Figu Resunciation date uscally last day for dealing tree of atomp duty, b Figures based os proopectue calmotes. *d* Dividend role poil or poyable on part of copital; cover based on divides on full capital, g Assumed dividend and, yield, *a* Forecast dividend cover based on province you's carnings. Filtridend end yield based on prospectus or other official estimates for 1984. H Elividend ond yield based on prospectus or other official estimates for 1985-84. Q Cross. Presce unless pherwise bridceded, 's issued by tender. If Offered to holders ot ordinary sheres as a "rights," ^{As} issued by way of capitalizations. §§ Re-introduced. "If issued in connection with reorgonisotion morgor or take-over. E Allotmest latters (or fully-poid). El Introduction. & Unilated Socurities Merkel, § Piecing price, th Official Losdon Listine, I Ho par volue.

RISES AND		LL	S	garth, Double Eagle and Quest Autometion. A put was arranged in Atlantic Resources, while
	Risea	Falls	seme2 a	doubles were taken out in
British Funds	31	23	49	Chamberlain Phipps, Suter and Lasmo.
Foreign Bonds	3	7	68	Laşılıv,
Industrials	252	278	883	
Financial and Props,	78	130	317	
DHa	19	39	63	FRIDAY'S
Plantations	6	7		
Mines	45	20 78	106	ACTIVE STOCKS
Others	39	78	69	
Yotals	473	582	1,562	Based on bargains recorded in Stock Exchange Official List. Ho. of Friday's Oay's
				Stock changes close change
				Alexadrs. Oise, 22 560 +107
OPTIONS				Trident TV A 18 144 + 15 Datestream 14 290 + 32
				Dalestream 14 290 + 32

27

VI. MOTOR 叶松 石顶的

16

West's planned ink-up with rose 2 to 329, with the A 3 metter stockjobbers, Bisgood, Bishop, at 39p, also on a weekend men-had little impact and the close tion. Fresh speculative support was unaltered at 725p, Lloyds, lifted W.W. 3 to 158p and Sello-however, advanced 10 to 565p court a peony to 114p, the last-end Midland bardened 2 to 400p, named following "call" option Barclays, which start the divi-

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries

and the Faculty of Actuaries

Est. Earnings Yield % (Max.) at 30%)

Mon Feb 20 1984

7ues Feb 14

Wed Feb 15

Thurs Feb 16

Fri Feb 17

EsL P/E Ratio (Net)

Year ago (approx)

Interest in Wyndianreflecting newspaper comment,
newsofEnglocering, 4 up at 100p, and
Manganese Bronze, a couple of
pence higher et 42p. News of
the proposed sale of Terex LiaImproved 6 to 154p. Suggestioos
thal the MC could block Hep-
worth Ceramic's attempt to
ecquire Steetley, prompted e fall
of 7 to 253p in the latter. The
former improved 5 to 141p.
Bought recently on bid hopes,
Gestetner "A" encountered late
speculetive demand and ended 8
to the good at 107p. Redfearo
Giass made further progress to
95p, up 4, while Radiant Metal
to 75p along with R. K. Watson,
7 dearer at 82p. Harvey and
Thompson improved 4 to 120p on
news that Matherwood hed in-
creased its stake in the company Gostener "A." encountered late speculetive demand and ended 3 to the good at 107p. Redfearo Glass made further progress to 95p, up 4, while Radiant Metal were noleworthy for a rise of 10 to 7Sp along with R. K. Watson. 7 dearer at 82p. Harvey and Thompson improved 4 to 120p on newz that Matherwood hed in-creased its stake in the company to 5.41 per cent. The Leisure seclor displayed a couple of brigbt spots. Radio On news of a oew IBA cootract, while MME Facillities put oo 4 to 53p following an investment recommendalion. Motor distributors were high-lighted by Heolys which attracted a lively trade and touched 114p hefore settling a

OVERSEAS TRADERS (1) technical problems in the appralsal well currently being drilled off the coast of Water-ford. Aran Energy gave up 8 to R.E.A. Hidgs. PLANTATIONS (SI Grand Central McLeod Russi Lawrie Crw. Pl. MINES (SI Emperor Mines Worm Creek Emperor Mines Gt. Victoria Gold

NEW LOWS (13)

BRITISH FUNDS (3) Treas, 20c 1990 Treas, 212pc 2020 Treas, 212pc 2011 AMERICANS [1]

P.4pc

NEW HIGHS (69)

144 290 20pm 150 248 350 107 277 295 81 244 407 525 132 |221078e540 |7

PUTS

Fob. Moy Aug. Feb. May Aug.

51 37 25

01c 054 054 2 1012 1212 512 914 1512 012 11 161:

Mar. Juse Sep. Mar. June Sep.

28 24 00 82 42 70

105 90 63

 $\begin{bmatrix} 160 \\ 180 \end{bmatrix} 0 \begin{bmatrix} 19 \\ 11 \end{bmatrix} \begin{bmatrix} 24 \\ 14 \end{bmatrix} \begin{bmatrix} 30 \\ 10 \end{bmatrix} \begin{bmatrix} 3^{12} \\ 10 \end{bmatrix} \begin{bmatrix} 5 \\ 13 \end{bmatrix} \begin{bmatrix} 0 \\ 15 \end{bmatrix} \begin{bmatrix} 15 \\ 15 \end{bmatrix} \begin{bmatrix} 0 \\ 15 \end{bmatrix}$

PUTS

1 17

30 50 85

 $\nabla z_{\rm W}$

included Loudou and Liverpool, GRA, Norfolk Capital, Chamber-ACTIVE STOCKS

GRA, Norfolk Capital, Chamber-laiu Phipps, Beecham, Bass, Suter, Brooke Bond, Sellcourt, Heywood Williams, Solicitors Law Stationery Society, Dwek, Queens Moat Houses, Ocean Transport and Trading, John Brown, Cater Allen, Raybeck, Davy Corporation, Low and Bonar, Tricentrol, Premier Oil, Foster Brothers Clothing, Tozer Kemsley and Millbourn, Ismon Gestetner A, Grattan, James Walker, Inter-City, TL, BSR, UKO, Richardsons West-Stock Asan Enorgy Atlantic Resources..... Brockhouse Prawn Shipley

80 83 60 05 40 40 20 30 6 19

CALLS

 Assection
 300
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 20
 25
 15
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 1*295,
 530
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Feb. 20. Total Costracts. 1,603, Callo 1,539, Puts 465,

· Underlying security prico.

Bass | 500 | 20 | 50 | 35 | 8 | 12 (*306) | 330 | 5 | 13 | 17 | 30 | 02

 700
 140
 133

 750
 95
 110

 800
 50
 75

 850
 27
 47

Her (of Lodex No.	Day's Change %	Yield % (Max.)	Vield % (ACT at 30%)	Ratio UNet)	index No.	Index No.	index No.	Hudex No.	Index No.	while MME Facilities put oo 4 to interest the hezvyweights pro-	ol, Premier Oil, ERGO Hanlys Clothing, Tozer Hanlys
	490.95 474.86 756.76 1707.82 1668.88 236.94	-8.1 +8.3 -1.1 -8.4	8.67 10.78 12.43 7.18 8.48 9.96	3.66 4.66 4.73 3.95 2.21 4.81	14.95 11.55 10.02 17.72 15.48 12.41	492.56 475.40 754.26 1726.26 1675.82 237.48		490.11 473.58 748.21 1717.95 1667.20 236.79	484.62 468.64 735.17 1791.74 1658.33 233.42	444.25 426.32 792.15 1654.22 0.00 209.72	recommendation, Motor distributors were high fill to f40 and Klonf. 2 to the Base volue=1000 Jon 3 1984)	d Millibourn, Len. & Inter A. Grattan, Morgon Inter-City, TI, Norfolk Chardsons West- Ultramat
	200.85	-12	8.28	5.84	15.90	293.28 134.14	201.69	20029	195.13 133.15	166.36		DED OPTIONS
	474.69	-0.2	5.87 19.47	3.59 4.28	26.82	620.35 475.54	620-15 476.76	616.81	614.68 474.07	412.48	EUROPEAN OPTIONS EXCHANGE	CALLS
	- 465.66		12.96	5.18	9.53 8.83	466.41 386.24	470.19 305.55	469.43	469.18	474.94 336.14	Series Vol. Last Vol. Last Vol. Last Stock Optios Apr. July Dct. Apr. July Oct.	1)ption Fab. M
(9)	1070.77 715.23		7.76	2.75	16.59	1072.89	1972.59 717.51	1073.27 718.94	1064.92 719.87	858.00 717.43	COLD C \$373 44 23 3 25 - - 5333.70 8.P. 390 45 52 - 6 13 - CDLD C \$373 44 23 3 25 - - 6 13 - 33 CDLD C \$400 68 10 - 0 20 7 30 45 52 - 6 13 - CDLD C \$400 68 10 0 20 7 30 - 53 53 40 22 28 33 40 53	LASMO 240 83 9 (*316) 260 63 7
		-0.2	8.86	4.39	14.51	644.88	438.94 1246.19	635.24 1253.62	1214.81	592.95 729.43	GOLD C \$425 19 4 21 10	
	422.89	+0.2	10.13	4.11 3.67	12.29	262.68	243.32	238.72	235.79	169.81 357.45		330 4 2 360 1 1 360 1 1
	273.01	-0.5	11.13	4.45	10.40	274.32	275.62	273.78	272.21	197.50 470.13	Marcis Sone Sept. 1660151-1-1871-1-	
	- 531.65	-0.7	18.98	5.66	16.44	449.57	467.14	463.25	64.01	346.11	BILVER C \$8 4 1.16	
	433.06 645.26	+0.3	7.52	4.22	18.11	645.62 137.16	405.57 136.04	665.42 135.78	608.25 133.07	411.07		P. 4 11. (200 (80 (8
		-0.1	6.36 7.28	5.40 4.66	21.72 18.55	871.87	663.55	\$57.29	847.71	574.62	I AAN C F.440 45 8.90 F.41t	t ^{*279} e20 60 0 240 40 4
-	478.87	-0.1	8.27	3.81	14.50 13.25	554.47 479.79	9453 441.50	57.M 474.78	541.75 471.%	412_M	AKZO C F110 128 B 120 14 40 - 126 4 Com, Unios 140 1 57 1 41 1 - 1 111 5 1 -	
	1839.19	-8.4	10.73 9.65	4.33	11 32 12.67	1013.60	\$25.39	1409.05 523.12		439.20		Racal 180 27 34 1*206) 200 7 26 220 112 11 11
	- 379.74		21.24	5.15 6.34	5.11	379.95 402.83	379.36 400.78	300.51 398.71	377.56 396.58	298.94 319.37	AK21 P F.100 80 6.30 17 10.50	R.T.Z. (*647) 485 167 - 300 150 - 533 117 -
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28	Financial Times Tuesday February 21 1984 HOTELS—Continued
AAA HUGHES From Truro to Texas	FT LONDON SHARE INFORMATION SERVICE
Plumbing and Hearing suppliers in the U.K. and U.S. Farm and Garden Machinery, Engineering, Plastics	
BRITISH FUNDS	Size File Cont File
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COMMODITIES AND AGRICULTURE

Big fall in zinc stocks

BY JOHN EDWARDS,

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ZINC stocks held in the London after climbing to £680 at one stage lost ground in later to 46.600,000 ounces. troding to close at £669.25 a The modest decline tonne, only £3.5 up on Friday's close.

Lead stocks were also sharply down by 7,900 tonnes reducing the total to 161,250 tonnes. But there was little reaction in the market and the three months quotation closed only £2.5 up at £294,75 ¢ tonne.

Reuter reported from Lima that Minpeco, the Peruvian minerals export agency, denied Aluminium opened on a a report from the state-owned higher noie too, with the three mining company, Centromin, months quotation reaching that it had declared force £1,067 before falling hack to maieure majeure on refined lead chip- close at £1.057.5 a tonne. ments on Friday. Minpeco con. There was little reaction ments on Friday. Minpeco con There was little reaction on firmed, however, that it had the LME tin market to the rise declared force majeure on zinc in the Straits price in Malaysia

BY RICHARD MOONEY

result of flooding al the to M\$29.20 (£8.79) a kilo-the first time ithas been above the International Tin Agreement

"floor " level of \$29.15 since the beginning of January, Wong Sulong in Kuala Lumpur: Malaysia does not think the impending introduc-tion of tin futures trading on the the other hand rose hy 90,000

Kuela Lumpur commodities Exchange would trigger off a The modest decline in copper colopse of prices. Mr Datuk Paul Leong, the Malayolan Minister of Primary Industries, said the depressed stocks wog viewed as disappointiog in view of predictions last week aboul a further outflow in deliveries from the warehous price of tin was due to the As a result, prices which opened on a firm note following Friday's

supply and demand situation. He wes commenting on an article in the London Metal Bulletin, which suggested that rend in New York lost ground in later trading. Nevertheless, three months higher grade copper closed £5.75 up at £1.023.5 c tonne. the introduction of tin futures on the KLCE (sometime in Mey or June) could trigger of a or Juney could trigger on a collapse in the prices because Malaysian tin miners are bearish about the outlook. Mr Datuk Leong expressed confidence that the inter-national Tin Council's huffer-

firmed, however, that it had the LME tin market to the rise stock manager would have declared force majeure on zinc in the Straits price in Malaysia sufficent resources to defend sales for at least 10 days as a over the weekend by five centa the floor price of M\$29.15.

BASE METALS

BASE METALS BASE-METAL PRICES odged higher on the London Metal Exchange, although tumover was restricted by the ebsence of any American interast-wU.S. merkets were closed to George Wisshington Oev, Copper touched CI (027 bul essed back to close at CI (022,5 following the emailer than expocted stocks decline, while Leed and Zinc closed at £294 and (568,5 respectively. Tim moved eheed to £8,815 in early pre-merket trading, owing to charts! buying interest, but reverted to £8,767.5 at the close.

Fishing fines set at up to £50,000

Financial Times Reporter FISHERMEN breaking EEC heen beller. rules in UK weters now risk fines of up to £50,000.

4 for conservation reasons. • THE Ghana Cocoa Morketing

Boord confirmed it purchased a combined total of 17.136 tonnes

of cocoa in the eleventh and twelfth weeks of the 1983-84

maincrop season ended Feb-ruary 14, taking cumulative pur-

chases for the season to 140,982

tonnes. • WOOL PRICES are expected to remain strong at cales in Brisbane, Portland and Ade-laide this week, the Australian Council of Wool Buyers said. • AGRICULTURAL income rese by 24 per cent in

Exparts promise to he the highest for 20 years, about 2.2m A Government order which i tonnes, bu: although market took effect at the weekend sets prices are not pleasing the pro-fines ranging from £1,000 to ducers. British consumer; have 150,000 for offences such as retaining fish on hoard and landshown little enthusiasm for the

chance to buy more and better ing fish after a quota has been ; fruit for less money. exhausted. It also co-ers : The likeliert reason for the special restrictions on cotching escalation of vields this seans, specified species. specified species. The Government also an-nounced that fishing in the area surprise, is that last year's climatic freeze stimulated of the south-west fiahery known as the mackerel box will he nalled from midnight on March

SPAIN'S citrus industry is puzzled. Production for 1983-84

looks like reaching a record 3.5m longes compared with an

(overage in secon: years of less

blossoming as trees compen-sated for the bad year. The British market's reluctance to exploit the combine-lion of quantity and quality is non of quantity and quanty is less easy to explain, particularly while the Spanish Citrus Maoagement Committee, repre-senting 330 exporters, has been entertaining a group of Britons. Venerable though the indus-

A record harvest of quality is promised. A correspondent reports

Bumper year for Spanish citrus farmers

paid for itself many times over. For example, it has brought the citrus industry, almost 100 per cent of whose trees were only a few years infected with virus

of problems related to satisfy-ing not just the producer's needs but ultimately the more important needs of the

Waxing has long been used to prolong the post-harvest life of citrus fruit, but experiments with high-density polythene wrapping promises to supersedo

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that method. Little has been done yet with polythene commercially, but Crida showed oranges that had been so wrapped for more than a year at 1 degree 2, looked perfect and had suffered a weight loss of only 2 per cent rather than what would other-wise have been 20 per cent. Il is thought that within 10 years

such wrapping will bo general Improvements in methods of irrigation, soil collivation, weed control, fertilisation and pron-ing are also occupying the Spanish scientists. Inspections for quality-control over fruit for export have never been stricter.

On the marketing side, a problem that has not yet been solved and to which reference was made by the British visitors, is that of relail promo-tion, in which Spain lags behind tion, in which Spain lags behind such other suppliers as South Africa, Iorael and Morocco. The Spania label has been estab-lished effectively enough with the Brilish fruit trade, but whatever impact it might bave at that level is losl in the shops, where a Spaigh orange her

where a Spanish orange has nothing to indicate its origin with all the other qualities on to the consumer which today's buyers insist.

Modest recovery in tea auction prices

BY OUR COMMODITIES EDITOR

THE RECENT slide in tea prices was halted at the London weekly auction yesterday, when

halt the exports of CTC (cut, lear and cur() teas.

nait the exports of CTC (cut, lear and cur() teas. Al the same time there is a feel(ng that the auctions were in danger of falling loo low, just as they rose too much in January when quality tea prices the all-tea average a peak of more than 317p. This week the all-tea average is expected to be The ban on CTC packet tea some 3p up at around 260p. There has been no change in the fundamental supply-demand plcture. Production remains

plies remains, aggravated by below consumption and there is is unlikely to be reviewed India's decision in December 10 still a world shortage of tea, so before April, when the new halt the exports of CTC (cut, hrokers could see no reason for plucking season starts.

Tea planters in South India have urged the government to much further downwards. Reuter reports from New withdraw the ban iz_nedlately. Delhi: India's Tea Board has allowed traders to honour until March St export contracts for CTC packet tea signed before the ban imposed on December 24. They say this hurts South mainly CTC tea. Meanwhile, the tea industry in the southern Indian slates of Tamil, Nadu and Kerala plans

to boost production to a record has heen relaxed to allow 160m kilos in 1989 from the traders to honour their pre-ban drought-hit output of 113m last export commitments. year, the United Flanters' However, the ban on CTC teas Association of South India said.

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PRICE CHANGES

from June 1982. In spite of rises for wheat and winter-sown barley the total area of grain (excluding

(up 26 per cent al 218,000 ha) but plantings of all other annual

Month Feb. 16 + or in tonnes in unless stated i otherwise £1100 £1100 1560 -10 10500/610 Free Mkt. Grains Barley Fut, May 2120,852 + 0.25 ± 118,95 Maizo Wheat Fut, May 5194,552; + 0,19 ± 118,80 No2 Hard Wint 1 1 Other Gord atip't" f1212 Futures May [51739,5 :+6.0 [2010 Coffae Ft. May [51739,5 :+6.0 [21976,5 Coffae Ft. May [51934.0]-14,5[22097,3

197. Meize — (U.S. \$ per tonne): U.S. Tarse Vellow Feb 102, Merch 158.50, April 149.50, Mey 150, June 150.50, July-Sept 148.50, Oct-Occ 132 selfers: Argenting Plate April 1S1, April-June

re-units in gradient in the

bears.....(U.S. \$ per tonne): U.S.

150 gallers.

BY RICHARD MOONET ENGLAND'S NATIONAL farm was up 3.7 per cent at needed to reverse this trend, cootinued to shrink last year according to results of the June 1983 census, published yester day by the Ministry of Agricul-ture, Total agricultural area (ex. ture, Total agricultural area (excluding common rough grazing) was 9.518m hectares, down 4.000 from June 1982. In spite of rises for wheat winter-sown barley the The total agricultural workforce (including farmers and their spouses) fell 0.9 per cent maize) was down 1.8 per cent at 3.321m hectares. Rises were recorded for plannings of pota-toes (up 2.3 per cent at 142,000 hal and oilseed rape to 505.200 Census results illustrate the continuing trend against the letting of farm land. The area of rented land declined 1.5 per cent to 3.962m ha while the

Shrinkage of national farm continues

Estates Gazette. crops were down and the cent to 3.962m ha while the amount of land left fallow was up 85 per cent al 86,100 ha. Rough grazing was up 0.3 per cent al 1.193m ha and woodland country's lax structure will he

Feb. 16 + or Month 1984 - ago

• Agricultural land prices in the UK outstripped Inflation last year for the first time since 1979, according to Farmland Market magazine published jointly hy Farmers Weekly and

BRITISH COMMODITY PRICES

NICKEL

NICKEL

the market staged a modesi recovery. Quality tea prices rose by 5p to 305p a kilo; medium were unchanged at menium were unchanged at 260p; and low medium grades gained 10p to 220p. Brokers said there was strooger, more general, demand. Buying interest was thought to have heen stimulated in London by descen prime at the More

POTATOES

hy dearer prices at the Mom-hasa auction in Kenya earlier in the day. At the same time the world shortage of tea sup-

Mids 120 70, Scotland 124.60. The UK monstary coefficient for the Waek beginning Monday February 27 (based on HOCA calculations using 6 daya achange rates) is expected to remain unchanged. LONOON GRAINS—Wheat: U.S. Hard Winter 13's per cent Feb 140 75, March 141.75, April 130 50, May 130 50, June 130 East Coast: English Feed tob March 126,5, April 128 selfares. Melas: U.S.-French first half Match 147, Rest unqueted. 438, 435-484; Augus; 491, 492, 456-492, Salas: 93, SYONEY GREASY WOOL--Close (in order, buyer, seller, busines), Austra-lian cents per kg. March 569,0, 572,0, 370, 569,0; May 584,0, 586,0, untraded; July 556,0, 602,0, untraded; Oci 580,0, 580,1, 581,0,580,1; Occ 585,2, 385,5, 586 0-585,1; March 590,0, 601,5, un-iraded; May 596,0, 620,0, untraded; July 620,0, 635,0, untraded, Seles: 22,

- INDICES

more set-aside land BY NANCY DUNNE IN WASHINGTON MR JOHN-BLOCK, the U.S. Block, "summer fallow" Secretary of Agriculture, caved farmers can now count some of in to election year pressures and ... the Jand they would have idled

U.S. wheat policy

changes encourage

rose by 2.4 per cent in Switzerland last year to SwFr 8.42hn (£2.65hn), according to the Swiss Farmers' Secretariat. lenanl system, il states. The institution urges that like owner-occupancy, letting land should be trealed as a husiness activity. level.

Farmland averaged £2,206 an acrc in 1983, It says, up 13 per cent from 1982. Inflation over the same period was only 5.18 per cent.

tonnes.

This reflected a similar price increase, real-term production having remained at the 1923

Nickel-Marning: Cash £3,214, three months £3,290, 85. Kerb: Three reanths £3,285. Alumoan: Three months £3,285,83, 92,80, Kerb: Three months £3,280. Turnover: 1,854 tonnes.

a.m. + or p.m. + or Official - Unollicial - 7

2215-20 -5.5 3200-10 +10 3283-90 -15 1 3280-4 +17

• ZIMBABWE hurley tohacco growers are expected to harvest 5m kilos (11.02m tb) this ceason,

according to a leading exporter, ● U.S. roastings of green coffee in the week ended February 11 rose to about 370,000 (60 kilos) hags, includ-ing that used for soluble pro-duction, from about 350,000 bags in the corresponding week last vaar George Cordon Peters wid

Iry may be, it is far from taking for granied the 5480m or so that its exports will earo this year from the 25 or more countries which receive them. The British visitors began markets.

fits of work initialed before the fits of the century, and helped by an international exchange of knowledge, is attacking a variety April. At the other end of the easy-peeler season, salsumas are being picked earlier than before. At Crida aome 30 new strains of familiar citrus types are being tesled for longer and higher yields in conjunction

their week with a tour of A problem which occurs in Span's foremost citrus research Britain and elsewhere is an un-

start in any volume. Clementines, which belong to the mandarin group whose popularity is growing faster than any other type of cltrus on the British market, are

of producing, by means of micro-grafting, budwood for re-working resistant scions on to existing stocks. Crida, now reaping the bene-

establishment, known as Crida, evenness in the aupply of citrus than 3m. yet quality has ool establishment, known as Crida, suffered at the haods of near Valencia, for a glimpse of quanty. Indece, :: bas :eldom the work done in the laboraover the season, resulting at its worst in a gap in deliveries iories from which the industry

being relied upon to bridge much of the gap. Produellon of

them trebled this aeason and exports doubled. Thanks 10 the propagating of mutations, Im-

after the easy-peelers and Navels are finished in about March and before the Valencias seeks help in keeping existing customers and winning new

According to Dr Luis Navarro, its director, Crida has

diseases like tristeza, <o the point where al 3lm plants pro-duced annually by Spain'a 10 registeded nurseries are now guaranteed free of infection. This is thanks to a programme

provements in picking techniques, new storage processes and other factors, Clementines are this year being harvested two or three weeks later than they once were and it is hoped that within five years their availability will extend into

Load Cash	118,95 Interest, but reverted to £8,767.5 a		POTATOES	FINANCIAL TIMES	MR JOHN -BLOCK, the U.S.	Block, "simmer fallow" farmers can now count some of	
Nicke)	118.60 CODDED	SILVER	Good export figures from Hollend tarsed Drices in Amsterdars and	Feb. 20 Feb. 17 M'th ago Y'ar ago	I in to election year pressures and	the land they would have ideal	
Polladium 02- 5160,78 +1,5 \$157,0 Other	Aracigamated Melei Trading reports		Hottand unitally, but buying support	292,92 291,72 295,71 260,45	announced on Saturday in Des	anyway as acreace set aside	
Platinum 02., 12270,73 + 1.8 £267.65 commodifies	2010 theil in the moraing three month Higher Grade Iraded at £1,028, 25,55	higher for spot delivery in the London	elowly fell. Renewed Interal in	(Bese: July 1 1852-444)	Moines, Iowa, changes in the	Agriculture Department offi- cials predicted that the easier	
Silver troy o2631.600 + 6.13 585,200 Futures May £1739.5 + 6.0 3 mths	2097.3 25, 24.50, 24. Cethodee: Three month	U.S. conts equivalents of the fixing	London siter Outch close recovered values reports Coley and Herper.		I IV EDCULIAGA U.S. IATTRETS IC	mile would doubly when and	
	8.05c months £1.024. Attempon: Highe	r month 935.Bc. up 10.2c; six month		Feb. 20 Feb. 17.M'th ago 'V'er ago	keep more land out of production.	gramme enrolment.	
Tin cash	7.30 Grede: Three months £1,024. Karb 133 Higher Grade: Three months £1,024			1961,1 1961,2 1998,8 1689,7 (Beze: September 18, 1931-700)		"Farmers cannot afford to stay nut of the 1984 pro-	
Tin cash	454 23.50, 24, Tumover: 22,575 tannes. U.S		£ per tonne April 201,90 200,00 208,50-197,0		the wake of a prediction by the	gramme" Mr Block said on	
Wolfram22,0416;370/78 + 0.6 1374/77 ‡ Unquoled. u April. z March Zinc.,		SILVER Sullion + or Lm.E. + or	May 224.70 223.20 -225.00-220.0	MOODT'S	National Association of Wheat	Saturday. "Both USDA and	
3mths			Feb 22.00 29.00 -	Feb. 17 Feb. f0 M"th ago Voerago	Growers that only 5 per cent of all wheat farmers would agree	private sector analysts say that when most farmers compare	
	High Grde E E, E E		April 107.30 :103.40 :105.00 Sales: 519 (601) lots of 40 tonnes.	1051.1 1031.2 1059.1 1 1083.3 (Base: December 31 1931-100)	to participate in the programme.	these programmes with their	۰
LONDON OIL CRUDE OIL FUTURE	Gash 1003-3 + 5.5 1003-64 +4. a months 1086.64 +6 1083-4 +5.1 Settlera't 1003.6 + 3.5 - :-	Spot			A Department of Agriculture plantings report last week esti-	own operating plans, they will find participation is to their	
Vest day's L or F	a months: 1026,5-4+6 , 1025-4 +5,1	12months 691.00p ++5.00 - 1	RUBBER	DOW JONES	mated that wheat farmers would	advantage."	
Strenger physicals feiled to move e		E LIME - Silver [2,000 oz contract]: caeh 632.5e (827p); three months	No. 1 'Yesterdy's Previous Business	Jones 17 10 sgo sgo	increase planted screage by	Mr Block Indicated no	
very quiet reerkel. Prices elayad in e #U.S. (nairow renge throughout the day, re- per bri	Gastanna, 981,5-2,5+0 990-1.0 +4 a months 1011,5-2+6,5 1011-5 +3 Settlem't.: 992,5 +5	647.25p (642p). Tumover: 2 (4),	R.S.S. close close Done	Spot 138.01-137.02157.22144.71	8 per cent this year, in spite of the millions of bushels in	changes for the feed grains pro- gramme, a mere 10 per cent	
ports Premier Man. Mar		Moming: large three reonthe 547.5.	- per tuning	Fut's 1140,91,140,46 138,23 161,32	surplus stocks.	set aside. The National Corn	
May		47.0, 47.5, Afternoon: large three months 648.0, 47.5, 48.0, amail three	Apr 320-840 233-840 1 -	(Base: September 12 1931-100)	Until Friday, when Mr Block	Growers Association has not	
June	9.90 77n—Morning; Standard: Cash (8,62) 25, 30, three raonths (8,780, 75, 76 65, 60, 61, 60, High Grade; Cas	months 647 5 Yesh lama three months	Jiv-Seni 962-863 867-868 861-857	MEAT (FIGH	programme and to extend next		
GAS OIL FUTURES			Oci Occ 875-878 382-884 875-872 JanMch 892-898 895-900 890	MEAT/FISH	week's deadline for sign-up by	planted to chrn. a development	
Turabur. + 100 lots of 1,000	barrele. 128,765, 70. Aftemoon: Standard: The monthe 18 775, 80, 75, 70, 66, 65. Hig		Apl-Jne_005-915 911-920	aMITTETICE Pence per pound. Beef: Scotch killed sides 78 to 94.0; Eire	three weeks the secretary had	that could easily result in record corn production in 1984 "	
Month close _ Done SPOT PRICES	Grade: Three months 28,800. Kert	ing the market rallied during the efter-	Oct Dec 333-030 333-900 1 -	lorequerters 60.0 to 63.3. Veal: Outch	firmly resisted congressional and farm organisation pressure	and increase carry-over stocks to	
SU.S.	Change Standard: Three monthe £8,785, 70 + or - Turnover; 2,000 tonnes.	emell gaine. Menufacturars and origina	(same) lors of 5 tonnes.	Engirsh smati 86.0 to 90.0, medium 82.0 to 88.0, heavy 80.0 to 84.0;	10 make the programme's	more than 2bn bushels in 1985.	
Feb		- were withdrawn, reports Gill and Buffue.	Physical closing prices (buyera) apot 82.25p (83.00p); March 84.25p (84.75p).	imported: New Zeeland PI 58 3 to 59 2	enticements more attractive. The Reagan administration has	Mid-Western legislators have	
Mar	-0,03 TIN Official - Unofficial -	Vesterday's	April 85.25p [85.75p].	100 lbs 50.8 to 38.5. 100-120 lbs 47.0	I vowed to reduce farm expendi-	administration is hended for	
Moy	- High Grde £ £ £ £ -0.03 Cash 8670.5 +45 / 8665.70 +12 +0.05 3 monthe 8780-6 +45 6790-4 +19	GOCCA Diose + or Business	SOYABEAN MEAL	to 54.5, 120-160 lbs 42.0 to 52.0. MEAT COMMISSION-Averaged fet-	tures, which soared to a record \$20bn (f13.79bn) in 1983.	deep political trouble in the	
Aug	+0.05 5 monthe a760-6 +45 - 4790-4 +12		The market opened 50p up in thin trade, reports T. G. Rodoick. An in-	elock plices of tapresentative merkers	Last year's payment-in-kind	farm belt, where booming pro- duction is expected to produce	·
Sept	tonnet Gash 8625-30 +47 - 8620-30 +12	May	ective dey caused by the closury of	GB-Shaep 195,590 per kn set down	programme and the 1993	low prices and another round	
Turnover: 346 (1.899) lote of 100 Premiura casoline 869-878 1	3 raonthe. 8760-1 +49 : 8765-6 +1	Sept	American markets saw London close unchanged.	(+1.23).	summer drought succeeded in reducing maize and sovabean	of farm recession. One Kansas	
tonnes. Gas Oli	1.5 Straits E_ \$89.20		Yestday's + or ; ausiness	COVENT OARDEN - Prices lor the bulk of produce in sterling por package	stocks dramatically. But wheat	senalor told the Washington Post that "people out here,	
	LEAD	Jeles: 5,151 (8,438) lots of 10 tonnes.		Applet: per pound Cor's 0 16.0 70	Surpluses have remained large	they're about ready to tar and	
GOLD MARKETS	Lead-Moming: Cash £284.75, 85 Three monthe £296, 95,50, 94,50, 94	ICO Indicator prices (U.S. cants per pound). Gaily prices for Feb 20:	per tonne	Ida Red 0.14-0.16. Gold Delicious 0.10- 0.12, Braraley 0.16-0.22, Sparten 0.14-	The department last year announced a wheat programme	feather Mr Block." Reuter adds - The payment-	
Gold rose \$2.20 an ounce from ounce equivalent of the 1	kilo 93.50, 94. Kerb: Three monthe £294.95	114.75 (110.47]; five-day avorage for	April	0.18, Laxton 0.12-0.15, Pears: net	under which farmers would	unkind (Pik) tax treatment act	
Friday's close in the London har was \$384.25. bullion market vesterday to finish In Zurich gold closed a	94.50. Atternoon: Three months 1294.50. Kerb: Three months 1294.50. Turnover		June	0.10-0.22. Potatom: White- 4 20.4 an	receive no direct payment for	of 1983 will be extended to cover the 1984 Pik payments,	
at \$3\$5.20-385.70. The metal \$385} from \$3\$2-382}.	per pound.		Dec	STUSTIDORIS! Der Dound nonen DES A CC	leaving 30 per cent of their acreage unplanted hul offered	the U.S. Treasury Department	
opened at \$3841-3841 and traded FFr 101,750 (\$382.37) on between a high of \$3851-3851 and afternoon.	In this conditions prices moved higher during a quiet opening, raports	Sales: 47 (34) tota pi 100 1	round 1.40-2.00. Cucumbers: English	some Pik (payment-in-kind tax	said.	
between a high of \$3851-3851 and afternoon. a low of \$384-3841. LONDON FUTURES		setting in May promoted a slight ra-	SUGAR	Cabhages: net 25 lbs Colds 4.80-2.00.	treatment) crops for those farmers whn set aside an addi-	In a document detailing 1985 budget proposals, the agency	
In Franklari (De 12; Kilo Dar	E E E E E E E E E E E E E E E E E E E		LONDON DAILY PRICE - Rew suger	JUN KING 3.30-350 Restroots, 28 lb.	tional 10-20 per cent of their	said Pik payments for the 1984	
(\$384.99 per ounce) against close	one Settlers't 285,5 +1,75 -	when further pressure in May thegared a weaker finish.	E113.00 (\$163.00), down E2.5 a torna lor Feb-March-April shipment. White	round 1.80-2.00. long 2.80-3.00. Turnips: 28-lbs 2.00-2.50. Swedes: 28-lbs 1.20. 1 50. Apreuts: per cound, 0.15-0.20.	land. The bail for those who par-	spring wheat crnp will be treated as if the farmers had	
DM 33,065 (\$382.97) and closed Sper troy at \$3853-386 from \$382-3824.	ZINC	COFFEE Yest'day'el + or Business	eugar \$164 00, 00wn \$5.00.		ticipate would be a guaranteed	grown the grain they receive.	
In Paris the 124 kilo bar wee man isses an an +4 75	reonthe £679, 78, 77. Kerb: Three	Close - Done	The market attempted to consolidate at the lower levels, reports C. Czar-	30-lbs, Kenz 4.50-3.00; Comish 7.00, Persnips: 28-lbs 2.50-2.60. Lesks: per	target price of \$4.45 per bushel	for all income and estate tax purposes.	
fixed at FFr 102,500 per kllo April	a0-87.10 monthe £676, 75 74.50, 74, 74.50 Afternoon: Three monthe £675, 72.50		nikow.	0.28-0.28 Tametanti por pound	of wheat, an enticement the department had thought would	The agency said the effect	
noon compared with FFr 102,500 Aug	20-02.00 72, 70, 67, 68, 69, 69.25, Karb: Three manths £683, 68, 69, 70, 69, Tumover	May	No.4 Yastdey's, Previous Business	GRIMSSY FISH STREET	he sufficient in view of expected	will be to remove any tax dis- advantage to participants in the	
(\$384.20) in the morning and pec	 8.850 tonnes. U.S. Prima Westam 49.50-51.75 cents per pound. 		tract	(unprocessed) per clonet at this aide	weak prices. Wheat farmers and their	1384 Pik programme	
In Luxembourg the dollar per		Nov 1779-80 -2.5 1784-77 January 1743-45 -1.6 1750-40 March 1715-20 +10.0 -	£ per lonne		Congressmen complained that	Without the Act. farmers	
Feb. 20 Feb. 17	ZINC Official - Unofficial -1	Sales: 1.460 (5.978) lots of 5 lonnes.		email (3.30.3 80. 1000 E4.00-4.30.	the programme made compli-	payments when they were	
Gold Buillon (fine ounce)	Cash 684.5 +10.7 276-5 +4.5	ICO Indicator prices (U.S. cents per	May 128,50 28,76 126,50 27,00 121,25-28,50	4.70, medium £3.70-4.20, best enstit £3 20-3 90; ekinned dogfish (large)	ance too difficult for " summer failow " farmers, who idle part	received, which would be in	
		1979 142.13 (142.4), 15 day everage	No. 6 Contract 5 per tonne	(lereel £11.00 (small) £6.00- southe	of their land anyway every year	in farmers heing mund for both	
Close \$385.20 326.70/£26614.26614.) \$383.3831e £964. Opening \$38414.38444 1£26512.8001 \$382.8881e (£2641. Morning fixing \$384.50 (£068.998) \$382 1£264. Afternoon fixing \$886.25 (£266.149) \$383.16 (£264.1264.1264.1264.1264.1264.1264.1264.1		140.4 (140.28).	Mar	C1.20-2.VV.	to build soil moisture. Under	1983 and 1984 Pik payments in	
Afternoon fixing: \$885.25 (£256,149) \$880,16 (£264, Gold and Platinum Coine Fob. 20	ALUMINIUM	GRAINS	Aug	Midlanda	the changes announced by Mr	the same year. the report said.	
Krugrnd 1359614-39716 (£87414-875) (King Sov 88114-9314158314-6		Old crop markets continued to improve on better physical Indde, with	Mar. 121.40.21.61.25.00.25.86.222.00.21.80	Midlands wine fair			•
		good chipper and merchants buying.		THE MIDLANDS is to have a	U.S. visit for	Catton damand	-
1/10 Krug, 15493, 431, (1291, 30) 150 Perce Mex3474 476 123874. Mepieleaf 153984, 3974 (1274), 2743, 100 Coreaust \$375.378 (1259).	Raidl Alternoon: Three months (1,052, 61,	Piolit taking was evident throughout the day with spot wheat under pressure	Seles: 1,175 (4,887), No 6 1,878 (1.669) lots of 50 mmes.	Fine Wine Fair Ibis year. It will be at the National Expi-		Cotton demand	,
La Rrug. 1510412-1004 (2721-7241) Prench 200 \$794-73 (2524-5) 110 Krug. 15434.4316 (22912 30) (50 Pesse Max3474-476 (23375- Mapleleaf 153984.39714 (2274)2-2742-100 Cor-Aust \$375-378 (22594- New Sov \$9034 812 (2624-5341 (520 Eagles \$540 550 (23752- New Sov \$9034 812 (2624-5341 (520 Eagles \$540 550 (23752- 12 Now Sov.)\$5414-65 (23712-361 Noble (Plat) \$40224071(237212-	58, 57. Kerb: Three months £1,057, 3014) 58, 59, 59.50, 53. Turnover: 10.500	shaud of trend and rankes letting hack	Tate and Lyle delivery price for granulared basis suger was [219 ()	oluon Centre Rizmingham	Soviet team	likely to fall	•
		steady, reports Muirpace.	a tonna lor export.	from Thursday, April 5 to Monday, April 9. Il will be open	A TEAM of Soviet officials is ex-		
EUROPEAN MARKETS Two Yellow Gulfports March April 290.80, Mey 231.50, Jung	292.60 Monitality and the ort plant 1-1	WHEAT BARLEY	International Sugar Agreement	all five days from 11 am	pected to visit the U.S. in early	WORLD cotton consumption in the 1983-84 season is likely to	3
ROTTEROAM, Feb 20 July 224.80, Aug 236.50, Se Wheat	291, Official - Unolficial	Math Close - 1 close -	canonant harment surge the Led 11"	VIUSIUE IIMES are a man	March to discuss grain trade	be about 69.5m bales (480 lbs).	1
Two Red Winter Merch 152, April 152, Jan 285.50, Feb 290.30 sellers	Soot 1038 0.9 +5.55 1039-3 -1		5 77 +3 311	Thursday to Saturday, and 6 pm Sunday and Monday.	issues, including questions about the banned grain fumigan ethy-	100,000 bales below last month's	• •
Two Northern Spring 44 per cent pre- cent affoat 223, Feb 222, Maj	224. 3 reonths 1082,5-5,5 + 0.5 1067.8 -,25		COTTON	Shippers and merchants will	lene dibromide.	estimate, the U.S. Agriculture	
tenn Feb 190, Merch 189.50, April-Mey April 225, April-Sept 230, No 174, May 173, June 173, July 171, 234 cellers; Pellets Brazil afte	Mareh	May _ 124.55 +0.18 120.85 +0.25	LIVERPOOL-Spot end shipment sales	be inviting would be connois	U.S. Agriculture Department	Department said.	
Aug 168, Seot 166, Oct 169: U.S. Three March 235, April-May 236, An Ambor Ourum April-May 198, June 137, 236, Oct-Oec 245 sellers: Pellers	Same I HA AUVIIVIN	Sept. 109.55 +0.90, 106.20	ammounted to 20 jonnes. Few destings occurred with only limited offrako.	over the world Vietnes from all	officials said no definita commit-	In its world cotton situation report, the Department said the	۰,
July 185, Aug 182, Sept 175, Oct 176, June effort 230, Feb-March 23	May, in the offshore section. Asseme cold	Jan 115.45 (+0.20; 112.86 +010	Inwards Middle Fasters Aughtics	have the opportunity to meel	ments have been made but the visit has been discussed by Mr	decline primarily reflects the	
Nov 181: Cenadian One Western Amber Sept 230 cellers. Burum April-May 201, June 200, Nov SUGAR-(FFr pe rtonno). Ma	1556/ readily with coloury sorts. Easy 1556/ Alricene ware generally firm to dearar	122.75-2.30, May 124.95-4.55, July		caperts who will help both	Daniel Amstutz. Under-	oullook for lower-U.S. domestic	
197. Maize - (U.S. \$ per tonne): U.S. Oec 1915/1835, March 1965/193	/1753. with Pekoe duets a strong feature.	126.L/-6.30, 5api 109.50.9.30, Nov	LONDON NEW ZEALAND CROSS-	novices and students of fine wine. The Fair will mark the	Ssecretary of Agriculture, and Soviet officials.	consumption, which has been reduced by 100,000 bales to	
These Vallow Feb 102, March 158.50, 2026/2040,		tonnes, Barley: March 119 01.9 57 1/1	SPETS_Clara /in order huver veller	significance of the Midia che	Must Charles	E D hales	

Trade sources said the Soviet

team will include representa-tives of the Ministries of Agri-

culture, Health, Procurement

and Foreign Trade.



In its world cotton situation report, the Department said the decline primarily reflects the oullook for lower U.S. domestic consumption, which has been reduced by 100,000 bales to 5.8m bales.

Pakistan appears determined to meet domestic mill requirements despite reduced domestic supplies,

.- .-

Bucinese dons — Wrhest: March 122.75-2.30, May 126.95-4.55, July 126.12-46-2.30, Sept 109.50.9.30, Nov 112.40-2.30, Sept 109.50.9.30, Nov 109.30, Jan 112.1. Salest 239 lots of 100 tonnes. HGCA — Locational ex-lerm epot prices. Figed wheat: Eastern 120.60, E

tine effort 230, Fab-March 230, May. Sept 230 cellers. SUGAR-(FFr per fonno). May 1556/ 1560, Aug 1670/1873, Oct 1740/1753, Occ 1815/1836, March 1965/1875. May 2025/2040. PARI& February 20 COCOA (FFr per tonne1: March 2055/2063. May 2103/2107, July 2005 bid. Sept 2145/2154, Occ 2135/2145, Merch 2110 bid, Mey 2110 bid, July 185, Aug 182, Sept 175, Oct 178, tine effort 230, Fab-March 230, May-Nov 181: Cenadian One Weeterm Amber Sapt 230 eellers. Jurum April-May 201, Jung 200, Nov SUGAR—(FFr pe rionno). May 1656/ 197. 1560, Aug 1670/1873, Oct 1740/1753, Maize - (U.S. \$ per tonne): U.S. Oct 185/1835, March 1965/1975. May Thrae Vellow Feb 102, March 158.50, 2026/2040. RABIA Enterman 20

sowards Middle Eastern Qualities,

cases last year, and second only to the South-east.

هكذا منالكا

experts who will help both novices and students of fine novices and students of nine wine. The Fair will mark the significance of the Midiands in the British wine consumption league, estimated at nearly im



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Financial Times Tuesday February 21 1984

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm in quiet trade

the New York market. After losing ground for most of last week the dollar's partial recovery was probably the result of short covoring, hut also re-flected a slight firming in Euro-dollar interest rates and specu-lation that U.S. rates will be kept firm by inflationary pres-sure from strong economic growth.

growth. Figures on durable goods and consumer prices are due for publication this week, and are expected to confirm the strong growth indicated hy other statistics released recently, and this conpled with comments by Dr Henry Kaufman of Salonon Brothers about the possibility of tighter Federal Reserve mone-tary policy helped to underpin the dollar. Further Israeli invelvement in the Lebanon conflict and the escalation of fighting between Iran and Iran in the Gulf also

sir months ago. Sterling lost ground to the dollar, and showed mixed changes against other currencies, ago. The

EMS EUROPEAN CURRENCY UNIT RATES ECU central rates

45.9335 8.18476 2.24303 9.91723 2.53115 0.728300 1387.20 Beiglan Franc Oanish Krona ... German D-Mark French Franc Outch Guilder ... 44.900 6.14104 2.24184 8.87456 9.52596 0.72569 1403.49 Outci Irish Italia Punt

The dollar was slightly firmer in very qutet foreign exchange trading yesterday. A long week-end holidey in the U.S., with baoks and financial markets closed for Washington's birth-day, reduced market volume to a very low level, with traders reluctant to take s view on the U.S. currency in the absence of the New York market. After losing ground for most of last week the dollar's partial recovery was probably the result of short covaring, hut also re-flected a slight firming in Euro-dollar interest rates and specy-lation that U.S. rates will be kept firm by inflationary presdecline fer mest of last week was reported to be behind the improvement of the U.S. currency, while expectations that U.S. interest rates will remain firm also provided some support. The Bundesbank did not interveos when the dollar was fixed at DM 2.6847 on Friday. Storling was fixed nuchanged at DM 3.8770, but the Swiss franc fell to DM 1.2202 from DM 1.2230. Within the EMS the Belgian franc remained weak, and was fixed at an unchanged DM 4.8831 per 100 francs, just shown its EMS floor of DM 4.8821. JAPANESE YEN — Trading range against the dellar in 1983-1984 is 246.90 to 226.80. Jannary average 233.77. Trade-weighted index 155.1, against 146.7 six months ago. The ven lost ground to the

The D-mark was generally firm at the Frankfurt fixing, but

index 153.1, against 1900, 314 months ago. The yen lost ground to the dollar in quiet Takyo trading, reflecting a reluctance to trade while U.S. banks were closed fer s leng holidoy weekend. from contral rate Diver +2.30 +0.54 +0.54 +0.62 +0.21 +0.26 +0.36 -1.16 +1.92 +0.18 -0.33 +0.24 -0.17 -0.02 -1.18 <u>t</u>turene

mit %	E in New York (latest)	LONDON
1.6425	i su co i suu su	THREE-MONTH
1.4954 1.6696 4.1505	Spot i Unavailable \$1,4496.4510 i month i Unavailable \$1,4496.4510 i month i Unavailable (0.03-0.09 dis 0 monthsi Unavailable (0.25-0.86 dis 12 menthsi Unavailable (1.25-1.31 dis £ lorward rates em quotad lo U.S. casita discount.	Ciose March 90.02 June 83.51 Sep1 89.10 Dec 88.91 March 89.54 Volume 1,856 Pravious davie

FINANCIAL FUTURES weakened slightly against the dollar. Covering of shert positions after the dollar's decline fer mest of last week **Eurodollars** weak

Trading was quiet on the London International Financial about possible Fed tightening also undermined confidence, and Eurodollar futures finished near London Interoational Financial Futures Exchange yesterday, following the pattern shown in other financial markets where the closure of U.S. banks and markets for Washington's birth-day infected Europe with a mood of inertia. Eurodollar and long gilt futures respended te the poor trading in the U.S. on Friday, where prices of bonds and bills weakened on fears that recent aigns of strong U.S. economic growth will result in tighter Federal Reserve monetary pelicy. the day's low. the day's law. Most activity has now moved to June, as March approaches delivery. The June contract opened at 89.54, and after louch-ing a low of 89.50 finished at 89.51 compared with 89.59 on Eviday. pelicy. Economic statistics for Jan-uary published last week showed a much stronger econemy than at the end of last year, and the market is also werried by money supply trends and indications that credit is increasing at a fast rais. The latest remarks of Dr Henry Kaufman of Salomon Brothers pelicy.

Friday. Gilts

Friday. Gilts also suffered from Friday's weak U.S. bond market, with March, which remains the dominent month, opening at 108-20, and falling to 108-11. A steady close to the cash market after en early decline, and optimism about the British economy, led to a slight rally however, and March gilts closed st 108-23, compared with 108-28 previously.

et 108-23, compared with 108-28 previously. Short sterling deposit futures were quiet, with Jone finishing unchanged et 90.49, around the middle of the day'o range. The rates below for Chicago are for February 17.

CHICAGO THREE-MONTH EURODOLLAR U.S. TREASURY BONDS (CBT)
 Similar points of tours
 Close
 High
 Low
 Prev

 Manch
 50.02
 90.05
 90.02
 90.07

 June
 83.51
 83.55
 89.59
 89.57

 Date
 88.91
 88.91
 88.90
 89.00

 March
 89.64
 —
 88.73

 Volume
 1,856
 (3,960)
 91.12,143
 8% \$100.000 32nds of 100% Low 69.19 95.24 68.05 67,20 Prev 69.30 69.10 88.23 58.05 69.25 88.13 58.24 58.05 57.20 June Sept Dec 69,05 68.18 67.31 67.22 67.07 March 87.04 67.15 67.04
 March
 67.05
 67.10
 68.21

 June
 66.21
 67.00
 66.23

 Sept
 66.07
 66.19
 65.07

 Dec
 65.26
 65.29
 65.2

 U.S. TREASURY BULLS (IMM)
 100.000
 100.000
 THREE MONTH STERLING DEPOSIT 66.21 65.07 65.26
 Image: science
 Science
 High
 Low
 Prev

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 50.51
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 Sapt
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 Dec
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 Marcht
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 Valume
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 Previous
 day's open int 6.134
 (5.325)
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 -</td 66.19 Prev 90.77 90.49 90.27 90.12 90.62 \$1m points of 100% Clos Low 90.80 90.41 90.17 89.88 Prev 20.30 80.81 90.48 Merch June Sept Dec 90.53 90.24 89.89 89.78 89.61 89.45 89.29 90.42 90.13 89.89 90.18 89.53 20-YEAR 12% NOTIONAL GILT 550,000 32nds of 100% March 88.67 89.51 89.35 89.19 29.76 89.56 89.67 89.50 89.31 89.10 June Sept Dec Ξ CERT. DEPOSIT (IMM) Sim points of 100% Voluma 2019 (2.438) Previous day's open int 4,141 (3.932) Basis quota (slean cash price of 734 Trassury 2003 feas aquivalent price of near futures contract) 14 to 24 (32nds) Low 90.22 89.68 March 90.24 89,70 90.28 89.75 90.31 June

89.33 89.38 89.33

High 1.4540 1.4576 1.4595 1.4600 1.4630

High 69-07 68-07 67-12 66-21

. 55-16

64-13.

Low 1.4445 1.4680 1.4520

Low 89-00 58-01 57-07 68-16

65-10

64-13

THREE-MONTH EURODOLLAR (UMM)

Sim points of 100%

STERLING (IMM) Se per £

Close 1.4520 1.4550 1.4580 1.4580 1.4610 1.4640

016MA (CBT) 8% \$100,000 32nds of 100%

Cinsa 69-00 68-01 67-07 65-16

65-1e 64-28 64-13

89.43

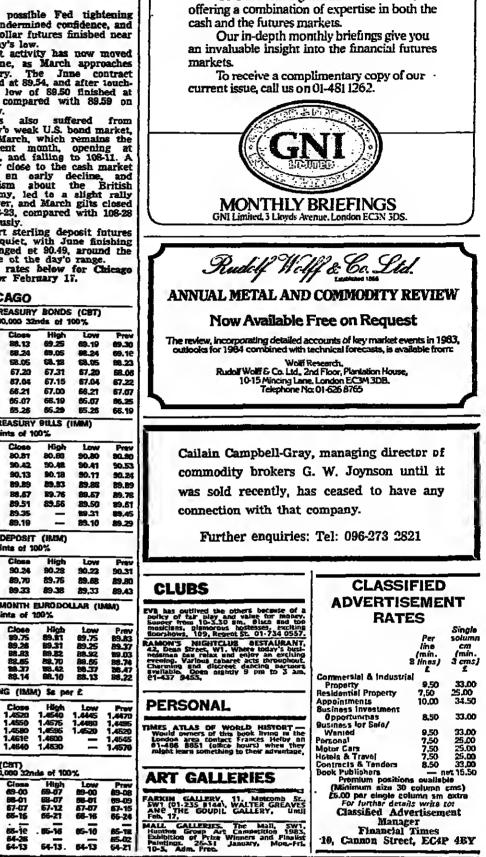
Prev 1,4470 1,4495 1,4520 1,4545 1,4570

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FINANCIAL FUTURES

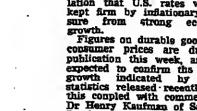
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CURRENT BRIEF, FREE.

GNI are leading members on LIFFE.

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Click Loss Loss Loss Loss Bar months p.a. Bar months Bar months P.a. Bar months Bar months Bar months Bar months		THE POUR	ND SPOT	AND FOR	WARD		THE	DOLLAR	SPOT AN	D FORWA	RD		£250,000 p	paints et 10	15
Canada 12000-1200 - 1200-1200 - 1200-1200 - 1200	leac	Feb 20 Day	rd Close				Feb 20		Close	One month			March June	90.48 90.51	90.46
W. Ger. 3.87-3.89 3.87-3.89 7.44 prom. 3.38 2.34 Comment of second 2000 4000 particing de		Canada 1.8010- Nethind, 4.377-4 Belgium 79.40-7 Denmark 14.161-	1.8070 1.8045-1. 1.3912 4.3712-4.3 9.80 79.50-79. -14.1312 14.171-1	.8065 0.03-0.13 38% 14-7c pr .60 12-22c di 4.18% 17-2% pre	die -0.53 0 9.08 3 e -2.56 5	0.22-0.32dis -0.60 34-34 pm 3.19 55-65 dis -3.02 57-67 dis -1.80	UKt Iralandt Cenade Nethind.	1.1435-1.1480 1.2490-1.2492 3.0290-3.0380	0 1.1455-1.1465 2 1.2480-1.2485 3 6.0250-3.0300	0.22-0.19e pm e.03-0.01c pm 1.00-0.90c pm	2.16 0.82-0 e.19 e.07-0 3.76 3.08-2	.05 pm 2.05 .05 pm 0.19 .95 pm 4.00	Marcht Valume 7 Previous of	90.11 90.12 90.01 — 89 (577) day'e open te	90.11 nt 6,134
Italy Australia 2282-2008 (1) 2282-2		W. Ger. 3.877-3 Portugal 192.50-	194.00 193.25-1	89% 1%-%pf p 93.75 260-520c	m 3.08 3 dis -24.19 6	3-3 pm 3.34 390-1275ds - 20.31	W. Ger.	9.8000-8.8250	9.5000-9.5050	per-Jom dis 0.92-0.87pf pm	-0.31 pet-1, 4.00 2.83-2	dis -0.10 .78 pm 4.19	20-YEAR 1		
Nummer Status Status<		italy 2399-24 Norway 11.06-1 Fmncs 11.95-1	06 2403-240 1.10 11.08-11 2.00 11.96%-1	5 14-16/ire .09 3-3%ore 0	dia -7.49 4 lis -6.65 9 is -4.76 1	6	Spein Italy Norway	153.55-153.75 1661-16543 7.6530-7.6730	5 153.55-153.65 1682'-1663'- 7.6675-7.6725	110-125c dia 92-9341m die 1.65-2.15ore die	-9.18 330-37 -8.88 29%-30 -2.97 5.20-5	0 dia -9.11 14 die -7.18 .70dis -2.84	Marsh 10 June 10	8-23 108-26	106-11
Subject Subject Status Subject Subject <th< td=""><td></td><td>Jepan 336-339 Austria 27.35-2</td><td>· 387338 7.45 27.37-27.</td><td>84 0.80-0.70 42 74-64 ord</td><td>pm 2.66.2 pm 9.01.2</td><td>2.35-2.25 pm 2.72 22-19 pm 3.05</td><td>Swedon</td><td>7.9700-7.9675 233.10-233.45</td><td>7.9725-7.9775</td><td>0.55-1.05ora dia 0.65-0.64v pm</td><td>-1.20 1.50-2</td><td>.00dis -0.98</td><td>Dec 1</td><td>07-00</td><td>=</td></th<>		Jepan 336-339 Austria 27.35-2	· 387338 7.45 27.37-27.	84 0.80-0.70 42 74-64 ord	pm 2.66.2 pm 9.01.2	2.35-2.25 pm 2.72 22-19 pm 3.05	Swedon	7.9700-7.9675 233.10-233.45	7.9725-7.9775	0.55-1.05ora dia 0.65-0.64v pm	-1.20 1.50-2	.00dis -0.98	Dec 1	07-00	=
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POINT Finland Marka_ 5310-8.3470 5.7875-5.7996 France 11.95-12.05 Austrian coluitar, 24.0 24.0 27.7355 745.8335 March 0.3732 2.375 0.3732 0.3772 2.375 0.3732 0.3772 2.375 0.3772 2.94303 Carret 11.00-11.28-10.16.8 Cermany 356-341 99.9 0 0 0 0 0 0.3722 2.34303 Sarret Sarret 0 0 0 0 3.372			1 1	S I			CURR			Feb. 80	Bank Special rata Orawin % Rights	ES European Currensy Unit	STERLING March 1. June 1. Sept 1. Volume 72 Previoue d	225.000 S p Nose High 4485 1.4475 4627 4627 4 (331) Isy's open in	Low 1,449 1.4485
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Lixembourg Fr.4 79,50-79,60 66,00-55,08 Maryle Dollar, 3,3720-3,3780 86,00-55,08 Swiss Franch franc	nolicy	Feb. 20	£ 40,48,40,54	\$ 26,00-26,03	Austria Begjum Prance Cormany	Note Rates	Fob Sterling U.S. dollar Ganadian Austrian	ENCY MC	NVEMENTS nk of gland Guaranty changes 81.6 20.8 81.6 10.0 20.8 21.6 20.8 20.8 21.6 20.8 21.6 20.8	Feb. 30 Starfing U.S. 5 Caracilans Austria Soh.	ACY RATI Bank Special Orawin 2 Rights - 1,79651 10.00 '1 3085 54, 118.6841 11 37,7435 7 10.2992	ES 9 European 9 Currensy 9 Currensy 9 Unit 1 0,577016 1 1,04138 1 1,04138 1 1,04138 1 1,0478	STERLING March 1. June 7. Sept 1. Volume 72 Previoue d DEUTSCHE DM125,000 March 0. June 0.	225.000 S p 2058 High 4465 1.4475 4495 1.4495 4627 4495 1.4495 4627 4495 1.4495 4527 4495 1.4495 4527 4537 4	Low 1,449 1,449 1,4495 t 2,404 t 2,404
Saudi Arab. Right C0740-5.0790 B, 2090-3.0100 B, 2090-3.0100 B, 2090-3.0100 B, 2090-3.0100 B, 2090-2.1305 B, 2090-100 B	policy	Feb. 20 Agentina Peso Australia Dollar. Brazil Gruzeino Finland Marka O resk Orachme Hong Kong Dolkar Iran Riat	£ 40,48,40,54 1.5300-1.5320 1.530-0.1.5320 145,40-146,80 11,89,40-146,80 11,89,4-11,853 11,89,75 0,495,5-0,4245	\$ 28,00.28,03 1.0586-2.059 1.178-1.134 5,7375-5,7996 101.28-101,68 07,2896-7,7815 67,800* 0 29356-0 93300	Penmark France Cermany Ibaly Japan	Note Rates 97.30.97.60 14.86.82.65 14.12-14.87 11.95-12.05 3.96-3.90 9370-3415 536-341 4.361-4.403	Fob Sterling U.S. dollar Canadian Belgian fi Danish ku Deutsche	20 Ba 20 In dollar, schliting, ranc	Average State Stat	Feb. 20 Feb. 20 Starting U.S. 6 Camericans Amtria Son. Beiglan Fr O'mark O'mark O'unider	CY RATI Bank Special Orawin 3 Rights - 1,79661 Bank 1,04856 534 18,04856 534 18,04856 7 10,2923 7 10,2923 4 2,9203 7 6 3,19111	ES 1 European 9 Currensy Unit 6 0.577016 1 1.04138 1 1.04138 1 1.0438 1 1.0438 2.5315 2.5315 6.07233	STERLING March 1. June 7. Sept 1. Volume 72. Sept 1. Volume 72. Sept 0. June 0. Sept 0. June 0. Sept 0. Volume 52	225,000 S p loca High 4485 1.4495 4495 1.4495 4627 H4 (331) 1978 Open in IMARKS S per DM Kose High 3752 2.3775 3003 (180)	Low 1,449 1,449 1,4485 1,4485 1,4485 1,4485 1,4485 1,4485 1,4485 1,4485 1,4485 1,4485 1,4485 1,4485 1,449 1,
U.A.E. filmem., 0.3095-5.31607.8,5780-3,6780-4,380-3,6780-4,380-3,6780-4,380-3,6780-4,380-3,6780-4,380-3,6780-4,380-3,6780-4,380-3,6780-4,380-3,6780-4,380-3,6780-4,380-3,6780-4,380-3,6780-4,380-3,6780-4,380-	* 1	Feb. 20 Agantina Peso. Australia Dollar. Brazil Gruzeiro. Finland Marke. Hong Kong Dolkar iran Rial. KuwaitDinar(KD) Luxembourg Fr. Matayela Dollar. New Zeahandth.	£ 40,48,40,54 1,5300,1,633,00 8,3510,8,3470 146,40,146,20 11,894,11,864 118,75 0,4955,0,4246 9,500,79,60 3,3720,3,3780 8,1850,8,1896	3 10.6963-1.0596 1.185-1.134 5.7675-5.7996 101.283-101.69 7.7985-7.7816 87.30 ² 0.23365-0.23320 68.70.55.08 3.03360-9.3345 1.611.01.12130	Penmark France Germany Japan Japan Netherlands Portugal Snet	Note Rates 97.30-97.60 81.86.82.65 14.15-14.87 11.95-12.05 9370-3415 636-541 4.361s-4.401s 11.00-203 880.855	Fob Steriing Ganadian Austrian J Beigian fi Danish ko Deutsche Swise L	ENCY MC 20 Ba 20 In in dollar, schluing, ranc	DVEMENTS stand Guaranty dex Changess 82.6 29.9 91.6 10.0 92.9 10.2 10	Feb. 80 Feb. 80 Starfing. U.S. 5 Canadians Austria Son Belgian Fr. Danish Kr. O'mark. Guilder French Fr. Ura	ACY RATI Bank Special Orawin- % Rights 	ES 1 European 9 Currensy Unit 6 0.577016 1.6433804 1.64388 45,8335 6.18478 2.54315 6.01723 1397,20 194,500 6.40104	STERLING March 1. June 7. Sept 1. Volume 72 Previoue d DEUTSCHE DM125,000 GUTSCHE DM125,000 Gutte 0. June 0. June 0. Sept 0. Volume 52 Previoue d Bravioue d	225,000 S p 21048 High 4485 1,4475 4485 1,4495 4485 1,4495 4485 1,4495 4485 1,4495 4495 1,4495 4495 1,4495 4495 1,4495 5 per DM 100 spen int 100 sy'e open int 100 sy'e open int 100 sy'e open int	er E Low 1,449 1,449 1,449 1,449 1,449 0,5724 0,3767 0,3767
EXCHANGE CROSS RATES Fob. 80 Pound String U.8. Doilar Jonands Cross Francistic String Outch Guild Italian Lina Canada Dollar Belgian Francistic String Jona Data dollar Data dollar <td></td> <td>Feb. 20 Agantina Peso. Australia Dollar. Brazil Gruzeiro. Finland Marke. Hong Kong Dolkar iran Rial. KuwaitDinar(KD) Luxembourg Fr. Matayela Dollar. New Zeahandth.</td> <td>£ 40,48,40,54 1,5300,1,633,00 8,3510,8,3470 146,40,146,20 11,894,11,864 118,75 0,4955,0,4246 9,500,79,60 3,3720,3,3780 8,1850,8,1896</td> <td>3 10.6963-1.0596 1.185-1.134 5.7675-5.7996 101.283-101.69 7.7985-7.7816 87.30² 0.23365-0.23320 68.70.55.08 3.03360-9.3345 1.611.01.12130</td> <td>Penmark France Germany Japan Japan Netherlands Portugal Snet</td> <td>Note Rates 97.30-97.60 81.86.82.65 14.15-14.87 11.95-12.05 9370-3415 636-541 4.361s-4.401s 11.00-203 880.855</td> <td>Fob Sterling Ganadian Austrian J Beigian fi Danish ku Deutsche Swike Irz Guilder French fr Lirz Yag</td> <td>20 Ba 20 In dollar, tchiling, ranc. mark. 1 atto</td> <td>NVEMENTS shad Guaranty glabd Guaranty changess 62.6 29.8 31.6 99.9 99.9 16.0 99.9 16.2 16.</td> <td>Feb. 20 Feb. 20 Starfing U.8. 5 Canadians Amstria Son Beigian Fr O'mark O'mark O'mark Prench Fr French Fr Yan Norwegn Kr Byanleh Pta. Byweidiah Kr</td> <td>NCY RATI Bank Special Orawin 2 Rights 10.000 12.04856 10.000 12.04856 11 37.74355 11 37.74355 12 17.74355 13 19111 01.9 29037 6 3.19111 01.9 29037 6 3.19111 01.9 29037 6 3.19111 01.9 29037 9 244.485 9 244.485 9 8.04112 - 161.074 8 26631</td> <td>ES EUROPEAN 9 Currensy Unit 6 0.577016 1.04138 1.0438 1.0478 2.54315 6.01723 1.397,80 1.94,500 5.40104 1.28,171 6.55455</td> <td>STERLING March 1. June 7. Sept 1. Volume 72 Previoue d DEUTSCHE DMT25,000 March 0. June 0. June 0. June 0. June 0. Sept 0. Volume 52,00 Previous d SWISS FF SwFr125,00 March 0.</td> <td>225,000 S p lices High 4485 1.4475 4485 1.4495 4485 1.4495 4627</td> <td>er £ Low 1,4489 1,4488 et 2,404 0,3724 0,3767 478 (388 478 (388</td>		Feb. 20 Agantina Peso. Australia Dollar. Brazil Gruzeiro. Finland Marke. Hong Kong Dolkar iran Rial. KuwaitDinar(KD) Luxembourg Fr. Matayela Dollar. New Zeahandth.	£ 40,48,40,54 1,5300,1,633,00 8,3510,8,3470 146,40,146,20 11,894,11,864 118,75 0,4955,0,4246 9,500,79,60 3,3720,3,3780 8,1850,8,1896	3 10.6963-1.0596 1.185-1.134 5.7675-5.7996 101.283-101.69 7.7985-7.7816 87.30 ² 0.23365-0.23320 68.70.55.08 3.03360-9.3345 1.611.01.12130	Penmark France Germany Japan Japan Netherlands Portugal Snet	Note Rates 97.30-97.60 81.86.82.65 14.15-14.87 11.95-12.05 9370-3415 636-541 4.361s-4.401s 11.00-203 880.855	Fob Sterling Ganadian Austrian J Beigian fi Danish ku Deutsche Swike Irz Guilder French fr Lirz Yag	20 Ba 20 In dollar, tchiling, ranc. mark. 1 atto	NVEMENTS shad Guaranty glabd Guaranty changess 62.6 29.8 31.6 99.9 99.9 16.0 99.9 16.2 16.	Feb. 20 Feb. 20 Starfing U.8. 5 Canadians Amstria Son Beigian Fr O'mark O'mark O'mark Prench Fr French Fr Yan Norwegn Kr Byanleh Pta. Byweidiah Kr	NCY RATI Bank Special Orawin 2 Rights 10.000 12.04856 10.000 12.04856 11 37.74355 11 37.74355 12 17.74355 13 19111 01.9 29037 6 3.19111 01.9 29037 6 3.19111 01.9 29037 6 3.19111 01.9 29037 9 244.485 9 244.485 9 8.04112 - 161.074 8 26631	ES EUROPEAN 9 Currensy Unit 6 0.577016 1.04138 1.0438 1.0478 2.54315 6.01723 1.397,80 1.94,500 5.40104 1.28,171 6.55455	STERLING March 1. June 7. Sept 1. Volume 72 Previoue d DEUTSCHE DMT25,000 March 0. June 0. June 0. June 0. June 0. Sept 0. Volume 52,00 Previous d SWISS FF SwFr125,00 March 0.	225,000 S p lices High 4485 1.4475 4485 1.4495 4485 1.4495 4627	er £ Low 1,4489 1,4488 et 2,404 0,3724 0,3767 478 (388 478 (388
Feb. 20 Pound String U.S. Dollar Deusche m'k Japanese Yen French Franc Swiss Franc Outch Guild Italian Lira Canada Dollar Beigian Franc June DA334	urage	Feb. 20 Agantina Peso. Australia Dollar. Srazil Gruzeiro Finland Marka Oreek Orachime. Hong Kong Dollar. KuwaitDinar(KO) Luxembourg Fr Mataysia Dollar. New Zealand Dir. Saudi Arab. Rizal 9ingapore Osliar. Shi African Rand U.A.E. Birhem	£ 40,48.40,54 1,5300-1,5380 1;530,0-1,639,8 8,3510-9,3470 11,293,-11,2854 118,575 0,4955-0,4246 79,560,75 0,4955-0,4246 8,1860-9,1860 8,1860-9,1860 8,1860-9,1860 8,1860-9,1860 5,0740-5,0790 5,0730-3,0790	3 1.0565-1.0590 1.1185-1.124 8.7675-8.7995 101.28-101.68 7.7805-7.7816 87.30- 0.23365-0.29320 0.23365-0.29320 2.0350.2,3345 1.6110-1.2130 8.5090-5.2100 8.1260-2.1876 1.8240-1.1876	Denmark France Cermany Italy Japan Nether lands Netrugsl Spain Sweden Sweden	Note Raises 97.30-97.60 81.86-82.65 14.15-14.87 11.95-12.05 3.56-3.90 9370-3415 536-341 4.3612-4403 11.03-11.14 190-203 820-853 11.49-11.50 3.17-3.20 1.404-1.4515	Fob Stering U.S. dollar Ganadian Austrian Bolgian fi Danish ko Deutsche Swise fra Guilder French fr Lira Yan 1980-1992	ENCY MC 20 Ba 20 In In construction mark 1 and 1 and 1 Construction 1 and 1 1 Construction 1 1 Construction 1 1 Construction 1 Construct	DVEMENTS ak ef Norgan gland Guaranty dex Changes 82.6 129.9 99.9 99.9 16.3 16.0 99.9 16.3 16.3 16.4	Feb. 20 Feb. 20 Starting U.S. 5 Camerians America Boh. Beiglan Fr. Danish Kr. O'mark O'mark. O'mark. Norwegn Kr. Byanieh Pta. Bwedish Kr. Bwedish Kr. Greek Dr'ch	NCY RATI Bank Special Orawin- 2 Rights - 1,79651 31,104855 54,18,6841 11 37,7435 54,18,6841 11 37,7435 54,18,6841 11 37,7435 54,18,6841 11 37,7435 54,18,6841 11 35,7435 54,18,6841 10 1,9805 10 1,02982 4 3,92037 6 3,19111 01,9,5694 9 8,604118 9 8,604118 9 16,0514 4 2,01177 201g 106,534	ES European 9 Currensy Unit 6 0.577016 1 835804 1 04138 1 104138 1 2,9872 4 3,9335 8 10478 2,94303 1 397,80 1 94,500 6,40104 1 28,171 6,65435 1,83779 84,6745	STERLING March 1. June 1. Sept 1. Volume 7. Previoue d DEUTSCHE DAVI25,000 March 0. June 0. Sept 0. Volume 50 Previoue d Swfri25,00 Merch 0. June 0. Sept 0. June 0. Sept 0. June 0. Sept 0. June 0. Sept 0. June 0. Sept 0. Volume 7.	225,000 S p lices High 4485 1.4475 4485 1.4475 4427 1.4495 4427 1.4495 4427 1.4495 4427 1.4495 4427 1.4495 4427 1.4495 4427 1.4495 3403 1.4495 3772 2.3785 3773 2.3785 3773 2.3785 3003 1.1495 3003 1.1495 3003 1.1495 3003 1.1495 3003 1.1495 3005 per Sa 3055 1.4595 3055 1.1695 3055 1.16955 3055 1.1695 3055 1.1695 3055 1.1695 3055 1.1695 3055 1	er E Love 1.4449 1.4449 1.4449 1.4449 t.2404 0.3724 0.3724 0.3724 0.3725 0.3757 478 (358
Poind Starling 1.1. 1.446 3,888 337,8 11.973 5,190 4,383 2404. 1,805 79,65 Volume 11 (160).	urage	Feb. 20 Agantina Peso. Australia Dollar. Brazil Gruzeiro Finland Marka Oreek Orachima. Hong Kong Dollar. KuwaitDinar(KO) Lucembourg Fr Mataysia Dollar. New ZealandDir. Saudi Arab. Riya 9ingapore Osilar Sth African Ran	£ 40,48,40,54 1,5300,1,633,80 1,630,0,1,639,8 8,3510,8,3470 11,893,-11,863 11,893,-11,863 11,893,-11,863 11,893,-11,863 1,95,0,75 -0,495,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0730,5,0790 5,0795,5,3160	3 38,00-28,03 1,0566-1,0594 1,183-1,134 5,7075-5,7995 101,28-101,68 7,7895-7,7815 67,30- 62,3365-0,29320 65,005-5,08 3,0570-3,2100 8,1260-2,1875 3,6780-3,2730 3,6780-3,2730	Denmark France Cermany Italy Japan Nether lands Netrugsl Spain Sweden Sweden	Note Raises 97.30-97.60 81.86-82.65 14.15-14.87 11.95-12.05 3.56-3.90 9370-3415 536-341 4.3612-4403 11.03-11.14 190-203 820-853 11.49-11.50 3.17-3.20 1.404-1.4515	Fob Stering U.S. dollar Ganadian Austrian Bolgian fi Danish ko Deutsche Swise fra Guilder French fr Lira Yan 1980-1992	ENCY MC 20 Ba 20 In In construction mark 1 and 1 and 1 Construction 1 and 1 1 Construction 1 1 Construction 1 1 Construction 1 Construct	DVEMENTS ak ef Norgan gland Guaranty dex Changes 82.6 129.9 99.9 99.9 16.3 16.0 99.9 16.3 16.3 16.4	Feb. 20 Feb. 20 Starting U.S. 5 Camerians America Boh. Beiglan Fr. Danish Kr. O'mark O'mark. O'mark. Norwegn Kr. Byanieh Pta. Bwedish Kr. Bwedish Kr. Greek Dr'ch	NCY RATI Bank Special Orawin- 2 Rights - 1,79651 31,104855 54,18,6841 11 37,7435 54,18,6841 11 37,7435 54,18,6841 11 37,7435 54,18,6841 11 37,7435 54,18,6841 11 35,7435 54,18,6841 10 1,9805 10 1,02982 4 3,92037 6 3,19111 01,9,5694 9 8,604118 9 8,604118 9 16,0514 4 2,01177 201g 106,534	ES European 9 Currensy Unit 6 0.577016 1 835804 1 04138 1 104138 1 2,9872 4 3,9335 8 10478 2,94303 1 397,80 1 94,500 6,40104 1 28,171 6,65435 1,83779 84,6745	STERLING March 1. June 7. Sept 1. Volume 72 Previoue d DEUTSCHE DM125,000 March 0. Sept 0. Volume 62 SwFr125,00 G March 0. June 0. Sept 0. June 0. Sept 0. June 0. Sept 725,000 March 0. June 0. Sept 725,000 June 725,0000 June 725,0000 June 725,0000 June 725,0000 June 7	225,000 S p lices High 4485 1.4475 4485 1.4475 4627 4627 1.4495 4627 1.4495 4627 1.4495 4627 1.4495 4627 1.4495 4627 1.4495 4627 1.4495 1.4495 4627 1.4495 1.4495 4627 1.4495 1.495	er E 1,4449 1,4459 1,4553 1,4553 1,4553 1,4553 1,4553 1,4555 1,4555 1,4555 1,4555 1,4555 1,4555 1,4555 1,4555 1,4555 1,4555 1,4555 1,4555 1,4555 1,4555 1,4555 1,4555 1,5555
	policy urage le land	Feb. 20 Agantina Peso., Australia Dollar. Brazil Gruzeiro., Finiand Marka. Oresk Orachma. Hong Kong Dollar. KuwaitDinar(ICD) Lucembourg Fr Mataysia Dollar. New Zealand Dr. Saudi Arab. Riyad Bingapore Oellar Sth African Rand U.A.E. Dirhem	£ 40,48,40,54 1,5300,1,5320 1,630,0,1,633,8 5,3510,8,3470 14,840,146,80 11,894,11,854 1186,76* 0,4955,0,4246 3,3720,3,3790 3,3720,3,3790 5,1630,8,1680 5,0730,5,0790 1,7700,1,7780 6,3095,5,3160 E CROSS	3 38,00.280.03 1.05665.2.0596 1.178-1.134 5.78756.7.7816 87,280 0.28366-0.29320 0.28366-0.29320 0.28366-0.29320 0.28366-0.29320 0.28366-0.29320 0.28366-0.29320 1.5106-1.2130 6.5090-3.2100 1.5260-2.1876 1.5240-1.2856 3.6720-5.2730 RATES	Denmark Cermany Japan Japan Japan Merkay Portugal Switzerland United States Yugoslavia	Note Rates 97.30-97.60 81.86.82.66 14.12-14.87 11.95-12.05 3.96-3.90 9370-2415 636-341 4.361a-4.401a 11.03-11.14 190-203 880-852 11.43-11.60 3.17-3.20 1.401a-1.451s 202-807	Fob Sterling Ganadian Austrian J Beigian fi Danish ko Deutsche Swisa Irz Guikder Yaq	ENCY MC 20 Ba 20 In 1 dollar, 1 dollar, 1 1 dollar, 1 1 arbc. 1 1 arbc. 1 1 arbc. arbc. 1 arbc. 1 arbc. 1 arbc. 1 arbc. 1 arbc. 1 arbc. 1 arbc. 1 arbc. 1 arbc. arbc	OVEMENTS nk of Norgan gland Guaranty dex Changess 82.6 28.8 10.0 78.8 10.0 78.8 10.0 78.8 10.0 78.8 10.0 78.8 10.0 78.8 10.0 78.8 10.0 78.8 10.0 78.8 10.0	Feb. 20 Feb. 20 Starfing U.8, 6 Canadians Austria Boh. Beiglan Fr O unlark Kr O unlark Kr O unlark Fr French Fr Van Starfing Sweden Kr Bwna Fr Groek Drich	NCY RATI Bank Special Orawin- 2 Rights - 1,79661 84 1,04856 10.00 11 3045 54 18.844 11 37,7435 7 10.2982 4 2.92037 5 3,19111 012 8.53496 12 1744.46 9 244.485 9 8.04112 - 161.074 4 2.01177 2014 1106.534 mild for fab 12	ES EUropean 9 Currensy Unit 6 0.577016 1.643380 4.583365 4.18478 2.94503 2.53115 6.01723 1.397,20 1.94,500 6.40104 1.28171 84,67455 1.30917, 2.130917,	STERLING March 1. June 1. Sept 1. Volume 72 Previoue d DEUTSCHE DATI25.000 March 0. June 0. Sept 0. Volume 50 Previoue d SwFr125.000 March 0. Sept 0. June 0. March 0. Sept 0. March 0.	225,000 S p loss High 4485 1.4475 4485 1.4475 4485 1.4475 4827 1.4495 4827 1.4495 4827 1.4495 4827 1.4495 4827 1.4495 4825 1.4495 1.4	er £ 1.4449 1.4455 1.4455 1.4455 1.4455 1.4455 1.4455 1.4455 1.4455 1.4455 1.4455 1.4455 1.4455 1.4455 1.4455 1.4455 1.4455 1.4555



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288,1 105,8

EURO-CURRENCY INTEREST RATES (Market closing rates)

11.61

5,247

0.379

1.205

Fab. 20	Sterling	U.S. Dellar	Canadian Dollar	Eutch Oulider	9wise Franc	D-mark	French	Italian Lira	Belgian Franc Conv. Fin.	Yen	Danish Kroner
Short term	01-014 918-914 918-914 918-975 912-975 912-975 012-978	050 070 911-911 954-10 10-10-4 10-10-4 10-10-5 10-10-5	812-934 968-934 958-946 816-978 978-1079 1014-1075	678-8 578-6 578-6 578-6 578-6 6-618 858-658	159-159 159-159 319-514 514-514 514-514 314-514 314-316 4-418	012 234 54 554 254 834 512 614 512 614 213 614 213 614	181g-1834 185g-1878 135g-1878 1514-1518 161g-1834 1834-18	18-17 16-171 1634-171 174-173 173-1778 16-1612	$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	534 578 512-519 514-538 538-612 638-612 512-638	10%-11% 10%-10% 10%-10% 10%-11% 10%-11% 10%-11%

Atian 5 (closing rates in Singapors): Short-tarm 92, 92, per sant: seven days 92, 92, per sent; one menth 94-97, per cent; three months 10-105, per cent; cix menths 10,-104, per cent; one year 104,-104, per sant: four years 12,-124, per cent; one year 104,-114, per cent; five years 124-127, per cent; five

MONEY MARKETS

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London rates slightly firmer

Interest rates had 9 slightly firmer tone on the London money market yesterday, but trading memained very quiet. Three-month interbank rose to 9is per cent from 93 per cent. The Bank of England forecast a money market size and 6 stank of England forecast a money market size and 6 stank of England forecast a money market size and 6 stank of England forecast a money market bank of England forecast a money market bank of England forecast a money market size assistance of around f400m. Bills maturing in official UK clearing banks base

UK clearing banks^o base lending rate 9 per cent-(since October 4 and 5)

hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender drained £395m. The unwinding of repurchase agree-ments on bills absorbed £710m, and hank balances below target another 55m. These were parily offset by Exchequer transactions adding £550m to liquidity thanks to this maturity of 111 per cent LON

adding 5550m to liquidity thanks to the maturity of 114 per cent Exchequer 1984 stock, and a fall in the note circulation of £215m. Total assistance provided by the authorities was £464m. Before lunch the Bank of England bought £339m bills out-right by way of £111m hank bills in band 2 (15-33 days) at 9 per cent: £73m bank hills in band 3 (34-63 days) at 848 per cent; £3m Treasury bills in band 4

LONDON	

INTERBANK FIXING

LONDON INTERBAN (11.00 a.m. Februo 3 months	
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0 months	U.S. dollars
LI-10 1/10	

hid 10 3/16 offer 10 5/18

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The fixing rates are the arithmetic means, rounded to the meaning ton-eixteenth, of the bid and offered rates for SiOm quoted by the merket to five reference benks at 11 s.m. such working day. The backs are National Westminater Sank, Bank of Tokyo, Deursche Benk, Senque Matienale de Perts sod Morgan Outracty Trust.

MONEY RATES

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Overnight One menth Two monthe Three monthe Six monthe Six monthe Intervention			5 1958-13 1918-14 1918-16	21g 31g 6 95g 95g 376 5	14 578-6	6.2818	75 166-1		1015 1	01g-121g 21e-123g 23e-101s 23e-101s 24e-121g
LONDON	MONEY	RATES	5	Di	scount	Houses	Depos	it and	B) F	Rates
Feb. 20 1984	Sterling Certificate el deposit	interbank	Local Authority deposits	Company Deposits	Market Doposits	Treasury (Buy)	Treasury (Sell)	Eligibie Bank (Suy)	Eligible Barik (Sell)	Fine Trade (8uy)
Overnight		6-914	91g-914 91a	719-93	512-918	_	-		-	- 1

	9 days indice 7 days of 7 day of 9 day notice 9 day notice 9 day notice 9 day notice 9 day of 9 day of 8 day of 8 day of	918.914 918.514 918.914 918.514 918.914 918.514 918.914 918 918.914 918 918.914 918 918.014 814 918.818 834		9-918 0-018 9-818 9-918 9-918 9-918 9-918 8-818 8-18 1 1 1	814 994 9159 876-832 947-857 8756 876-832 947-857 8756 876-832 875-857 876-832 875-857	
	Local Auth nagotiable Donde		of Links	ed Linked	MONEY RATES	
-	One month	816 916	9,75-9,85 9,75-2,85 0,9-8,8 0,9-10,1 0,9-8,8 0,9-10,1 0,9-8,8 0,9-10,1 0,9-8,8 0,9-10,1 0,9-8,8 0,9-10,1 0,9-8,8 0,9-10,1 0,9-8,8 0,9-10,1 0,9-8,9 0,9-10,1 0,9-8,9 0,9-10,1 0,9-8,9 0,9-10,1 0,9-10,	14 018 Ste 916 916 918 34 934-919	Porta mite Broker loan rata Fred funda Fed funda et intervision	11 104-10%
-	Two years	10%		ļĒ	Treasury Bifs One month Two month Three month	Ξ
-	period January 4 to Fe suborities and Boance I Financo Houses Baso Re	tes (eublished by the	Sivaj: 0.455 pe Stice. Othera Sin Finance Heusa Sconish Claaring	s Association): Bank Rates ler	Six month Ons year Treasury Bonds	=
3 Dhil	Fraging by cent from rabital lending 8 por cent. Londo cent. Tressaury Bills: Aver of Tax Deposit (Sarico 6) 94 per cent; bnc-threc m 12 months 10% per cant. held under Serics 4-5 10% 5 per cent.	n Deposit Rate for sum ige tandar rates of disc Disposits of E100,000 is antha 9 ¹ 2 per cent, this	ount 8.8550 ptr and ever haid Vi e-six months 93 cant from FaDru	csnt. Certificate ndsr ona month per csnt: six-	Two yaar Thiad ydar Four ydar Five ydar Seven ydar 10 ysar 30 year	

	Two yaar	
ruircate	Thige year	_
month	Four year	_
11: 511-	Five year	
	Seven year	
or cash	10 ysar	_
	30 year	_

WORLD VALUE OF THE POUND

The table below gives the latest except where they an chown to svalisble rate of exchange for the be otherwise. In some ceces market pound egainst verious currensise on rates have been calcolated from these is nominal. Market mits are the of foreign sumencies to which they average of buying and selling rates are use.

nercial rate; (sh) convertible rate; nmarciol rate; (nom) nominal; (o) official rate;

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* 2 AB

COUNTRY	CURRENCY		COUNTRY	CURRENCY		COUNTRY	CURRENCY	
Alohanidan	Afohawi	99.00	Greenland	Danish Kroner	14.1776 5.90	Peru	Eel	cxe(A)3,500.05
Albania	Afghawi	16,18	Grenade	E. Caribbean \$	5.90 11.9786	Philippines	Philippine Pese	19.95
Algaria	0inar	(AI 7.1076			1,4460	Pitcairn Islands	E Sterling	8.1855
Andorra	Bpanish Poscia-	11.0725 299.15	Ountemala	Quetza	1,4460			
Angola	Panish Pescula	(CN) 45,4116	GHIDAR	Syli	34,068 ·	Poland	ZIOSY	138,49
Antigua	E. Caribbaan &	0.90	Guines Blasau	Peso	118.00	Portugal	Portugu'se Escudo	193.50
Arganting		40.50	Ouyara	GUYANOSO F	0,4805	Puarto Rice	0.5. 8	1,4460
Australia			HalU	Gourde	7.20	Gatar	Qatari Ryal	6.2110
Austria	Schilling	1.6810	Honduras	Lempire	8.90 11.2635	Reunion Island	Erench Erene	11.0706
Azores	Portugu'se Escudo	193,50				Remania		11,9726 (Cm)6.27
Bahamas	Ba. Dollar	1,4460	Hungary	Forint	55.19;)			2 (N/CI30,14
Betrain	Oinar	0.5405 229,15	1celand	1. Krone	48,2634	Rwands	Kwando Franc	139, 219
Balearic Isles	Spe. Pessta	35.00	India.	Ind. Runes	15 50	St. Christoper	E. Caribbean \$	5.90
Bengladaah	Barbades &	2,8920	Indonesia	Ruplah	1,403,4e 126,75(sg)	1 Bt. Helens	Dt Haleno S	1.0
Belgium		(cm) 70.55	1780	Rial	126.75(sg)	St. Lucia	E. Caribbean	5.90
		1(fn) 88.30	Iraq	Irant Dinar	0.46105	St. Vincont	E. Caribbeen S	11.0799
Ballze	9.5.	9,8980 698,625	Irish Republic	Irieh £	1.2510	Salvader E I	Colen	5.81
Sermude	Brie 3	1.4460	126201 Hat att att	Sheker	189.30	I Samoa American	U.3. 9	1.4460
Benin Bermuda Shutan	Indian Rupse	15,90	Italy	Line	8,404.0 698,625	San Marino	Italian Lira	8.404.0 58.48
Bolivia		(D) 723.0	Ivory Coast		090.080	and the second se		58,48
Botswana,		1.6870	Jamai ca	Jamaica Dollar	4,916::	Saudi Arabia	Saudi Ryal	5,6795
Brazil	Cruzeiro 11	1.634.9	Jordan	Yen	ee7.76	Senegal	C.F.A. Franc	598,625
Brit. Virgin Isles	U.S. 8	1,4460	1 1010401	Se Latrunte Must	0,538	Sierra Leone	LooDe	8.81(sg) (D(3.50
Brunal	Brunei S	9.0750	Kampuches	Riet	N/A	Bingapore	Singapore \$	3.0750
Buigaria	Lev	1.4340	Kersa(Nth) Korsa (Stn)	Konya Shilling	N/A 19,775	Solomon Islanda	Solomen Is, B	1.7428
Burne	Kyat Same	11.5901 187,625	Kiribati	Australian #	8.5510	Somall Republic,	Somell Shilling	85.40
091 9119	Borendi Franç	201,050	Korda (Sta)	Won	1,5655(ID 1,153,6	South Africa	Rend	1.7710
Camaroon	C.F.A. Franc	696,695	Kuwait	Kuwaiti Dinar	0.494	Spain	Petcia	898,15
Canada	Canadian 9	1,6050				9panish ports in Nerth Africa	Poseta	922.16
Canary Islands	Epanish Peseta	200,1e 1 16.6	Labanon	New Kip	50.60 8,9950	f 8n Lanka	2. L. Rupen	36.40
Cape Varde le Cayman is ands	Cay, is. 2	1,2650	Leectho	Majuti	8,7710	Sudan Republic	Budan £ 101	1.9020
Cent.Afr. Rapublic		298.625	Lesotho	Liberian #	1.4450	9urinan Swaziland	S. Guilder	8,6995
Chad	C.F.A. Franc	598.625	Licehenstein	Libyan Dinar	0,4280	Swaziland	Lilangeni	1.7710
Chila	Chilean Paso	197.33	Licenenstein	SWISS FRANC	79,66	9weden Switzeriand	S. ATURIO Swiss Franc	11.53 5.1925
China	Renminbl Yuan	8,2685 (F) 152,00		and the second se		syria		((A) (T118.0
Colom bia	C.F.A. Franc	\$98.02C	Macso,	Pataca	11.69	37184	Synan z	1 CM/6.20
Congo ! 2razavilla).	C.F.A. Frano	592,626	Madeire	Portug'se Escudo	100.60 682,50	Telwan	New Televen 6	58.09
Costa Rica	Colon	(U) 28,70	Malawi	Kwacha	1.90	TAAzania	Ten Abilling	17.875 (sg)
Cuba		1,2545	Malaysia	Ringgit	3,6750	Thaliand	Baht	55.10
Cyprus	Cyprus £	0,802	Atorduo felende	Des France	10.8175	Toge Regublic	C.F.A. Franc	e98.626
		(Icom) 9.40	Maidive Islands	Mail Franc	1.107.95	Tenge Islande Trinided	Ha'anga Triolded & Tob 9	1.531e 0.4705
Czeohcalovakia	Koruna	n/c 16.66 (T) 16.36	Mail Republic	Maltose £	1,107.25 0,541	Tunisia	Tunislan Oiner	1.026(40)
and and a second second		14.1778	Martinique	Local Franc	11.9726	Turkey	Turkish Lira	1.026(eg) 446,71
Ojibeuti	Olibordi France	\$50 (sg)	Martinique	Ougulya	18.99		u.s. e	1,4460
Oeminica	E. Caribbean &	5.00			7 (F)841.78	Tuvalu	wnsergnari ô	1,5310
Cominican Repub'		(0) 1.4460	Mexico		(IC:216,ee			356 40
oommean nepeo	Densinicasi Poto	(7) 9.8815	Miquoion.	Local France	11,9725	Uganda	Uganda Shiiiing	1356.40 1417.60 (3)
Ecuador	Sucre	((0) 81.78 (F) 150.90	Monaco Mongolis Montserrat Morocco Mozambique	French Franc	11.0725 4.75 (II)	United States	U.S. Dollar	1,4460
Egypt	Egyptian £	(U) 1.20	Montserrat	E. Caribbean	7.90	Uruguay	Uruguay Paso	67.43
Equatorial Suines	Ekusia	444.0 (P) 9.9500	Morooco	Oirham	11.80(sg) (A) 50,30	Utd. Arab Emitates	U.A.E. Oirham	5.01205
Ethiepie	Ethlopian Birr	(P) 9.9500	Mozumbique	Metical	(A) 60,30	U.O.B.R.		1,1379 888,825
Faikland Islands	Enthland to C	1.0	Namibia	9.A. Rand	1.7710	Upear Volta	Vatu	146.25
Farce Islando	Danish Kronor	14,1775	Nouru	Australian Dollar	1.5010	Votican	Italian Lina	2,404.0 (14) 7,45
Fill Islanda	Fuli S	1.4945	Nepa	Nepalese Rupee	98.75	Managements		(14) 7.45
Finland	Markka	8,5390	Natharlands	Guilder	4.3825	Venezuela	DOHASIL	161 14.35 (181 18.21
France	French Franc	11,8708	NetherlandAntilies New Zealand	Antillan Guilder	9,5885	Vietnam	Dong	(0114.39
French C'ty in Af	G.F.A. Franc	598,625	Nicaragua	Cardoba	14.45	Virgin Island U.S	U.S. Dollar	1,4460
Frensh Guiana Frensh Pacific Ia	C E P Franc	11,8720 213 (5g)	Nigar Republic	C.F.A. Franc	598,595			
CIENSIL CADING 15.		919 (9 <u>8</u>)	Nigoria		1.066737(sg)	Western Samoa	Samoan Tala	(A)9.31
Gabon	C.F.A. Franc	598.025	Norway	Norwagian Krone	11.085	Yemen (Nth)	Puel	0.61 /
Gambla Gsrmany (East)	Oalas	4.00	Norway	Rial Dmani	0.494	Yemen ifthi	S. Yemen Dinar	0.61 (sg) (A)0.4950
Garmany (East)	Ostmark	5.8875	PERIOTEI,	Yakutan Kudoo	19.40	Yemen (6th)	Now Y Olnar	178,3410
Carmany West	Deutschs Mark	5.8875	Panama	Balbos	1,4460			
Ghana. Gibreltar	Gibraltar P	43,389	Papua N. Guinea		1.9350	Zaira Republic	Zaire	44.4046
Gresce	Drachma	146.60	Paraguay	Guarani	(F) 231,28	Zambia	Kwacha	8.30
					1 171631-60			1,6670

* Rate is the transfer market (controlled). 1: Now one official rate. (U) Unified rate. Applicable on oil transactions except controlled baying a bilateral agreement with Egypt and who are not mambers of MMF. () Based on gross rates against Russian Joubla. (1) Essential goods. (2) Preferential rate for priority imports such as feedautfa. (3) Non-essential imports and private sector applicant. (4) Preferential rate for public actor debt and essential imports. (5) Government controlled for non-resential imports. (6) Free rate for luxury importe, remittances of money abroad and foreign travel. (7) Parallel rate.

INTERNA	ATIONAL CAPIT	AL MARKETS	
FT INTERNATIONAL BOND SERVICE	Darber: Province 5 ³ /a 93 ICO 1011/a 1011/a - C1 = 0 5.24 Shihala Ber Prover 6 91 100/ 102 102/ 9 -01 = 5.53 Strikala Ber Prover 6 91 100/ 102 102/ 9 -01 = 5.53 Strikala Ber Prover 6 91 100/ 102 102/ 9 -01 = 5.53 Substrate: Leave for 6 91 100/ 102/ 101/ 0 -01 = 5.63 Substrate: Leave for 6 91 100/ 102/ 101/ 0 -01 = 5.63 Substrate: Leave for 6 91 100/ 102/ 101/ 0 -01 = 5.63 Interc Carp 5 ¹ # 93 100/ 102/ 4 101 - 0 ¹ # - 5.81 Interc Carp 5 ¹ # 93 100/ 102/ 4 101 - 0 ¹ # - 5.03 Ward Bank 5 ¹ # 93 - 200 9 ³ * 100 - 5.77	Fun les 1 5' a 55 5 O's 99's 12/7 10'a 10.75 Gestingance 5 92 O's 99's 99's 19/7 10's 10.15 Gestingance 5 92 O's 99's 99's 10's 10.15 Grad set Stars 5's 94 O's 99's 99's 28's 10's 10.15 Grad set Stars 5's 95 O's 99's 99's 28's 10's 10.23 Grad Set Stars 5's 95 O's 99's 99's 99's 28's 10's 10.23 Kart Set Classe 5's 90 O's 99's 99's 99's 1/8 10's 10.15 Name Set Set Set Set Set Set Set Set Set Se	Asian Development Bank seeks £100m
The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 20. 8.5. DOLLAR Strate of the prices for February 20. Based Bid Offer day work Yield Vield Work Law 12% 01 100 Strate of the price of the pric of the price of the price of the price of t	Ar. prot changes on day -14. On orte 0 YEN STRAIGHTS Lound Eid Offer 15 1075 10275 0 Carry etch cay reach 15 1075 10275 0 Carry etch cay reach 15 1075 10275 0 Carry etch cay reach 15 1075 10275 0 Tel Corry etch 15 1075 10275 0 Carry etch cay reach 15 1075 10275 0 Yed Corry etch 15 1075 10275 0 Int An Dev Bi, 776 93 New Zealand 756 93 Ward Benk 756 93 Ward Benk 756 93 Mark feel X 15 1075 10275 0 014 0 012 7 0 50 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Mettic DY Ets 93. 0*s 98*7 99*s 19/7 10/1 10/	BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON THE ASIAN Development Bank is raising £100m through a 25-year bulldog bond kaunched yesterday in the British domestic market through S. G. Warburg, the mer- chant bankers. This will mark the first time that the bank has tapped the bulldog market. The issue is also unusual in that the borrower intends to price that the borrower and suprane- tiocal institutions raising money in the bulldog bond market may price their issues at a discount only to the extent thet it does not exceed 4 per- contage point for each year of the bood's life. Io this case the lowest possible issue price would be 6%. The bond, which will thus benefit from being the closest to a "deep discount" issue that the bulldog
Life B	11.1.103% G2 *	 † Only one market maker supplied a proce. Straight Bouds: The york or molecution of the mid-price; the annuml issued a m ontheses at correctly while except for Yan boods where it is in billions. Dhange on weak - Change over proce a weak carlier. Rinsting Rates Hortes: Denominated in dollars unless otherwise indicated. Dropen shown is constants C data - Date near courson becomes affective. Spread of U.S. dollars. E can: a carrent coupon becomes affective. Spread for U.S. dollars. E can: a carrent coupon, Ea. Vid - carrent would. Convertible boads: Denominated in dollars unless otherwise indicated. Drope on day Crow date - Fest date line contexts and indicated. Char Change on day Crow date - Fest date in conversion into shares. The proce - Normal amount of hord per share at carrent of the corrent effective proce of date issue. Prom - Personage pressum of the corrent effective proce of these line. C. The Financial Times Ltd., 1954, Reproduction in values or in part in any form not personage without written coupons. Date supplied by DATASTREAM Inter- 	Brazil lender drops payout BY OUR EUROMARKETS CORRESPONDENT EUROPEAN Brazilian bank, the London-based consortium that spe- cialises in lending to Brazil, is omit- ting its diridend for 1983 after a fail in pre-tax profits to £19.3m from £25.3m. For 1982 the bank paid a dividend of 5 per ceot. Sir John Hall, managing director, said the fall in profits reflected the

This advertisement complies with the requirements of the Council of The Stock Exchange.

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U.S. \$100,000,000

B.B.L. International N.V.

(Incorporated with himited liability in The Netherlands and having its statutory sear in Amsterdam)

Floating Rate Notes Due 1999

Guaranteed on a Subordinated Basis as to payment of principal and interest by

Banque Bruxelles Lambert S.A./ Bank Brussel Lambert N.V. (Incorporated wish limited liability in Belgium)

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WORLD STOCK MARKETS

Financial Times Tuesday February 21 1984

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CANADA			DENMARK	NETHERLANDS		AUSTRALIA		APAN (continued)	+ + 0
Procest Stock	Feb 20	Varn	Feb, 20 Price + el	Feb, 20	Price + or	Feb. 20 Auni S.	+ *	Feb. 20 Yen Kanishiroku,	
MCA Imt.	2234	- 14	Aarhus Oi le 425	ACF Helding	195 1 +6	ANZ Group 5.60	+0,04	Kubota	+3
lande Eagle	25%e	- 12	Andelsbanken 25023 Ballie Skand 060 -45	AEGON	129 -0.5	Alliance Oil D 0.97 Ampol Pet 1.57	+0,01	KVMA CATAMIC	0. + 60
Iherta Energy	183.	l.g	CeeHandelsbank 074 -14	AKZO.	104,3' +1.1	Aust Cens Ind 1.85	+0.05	Maeda Conci 489 Makino Milling 11.330	+20
Inor Aluma	2714	- 1/2	Danske Bank 325 -16	ABN	4113,5	Aval, Nel, Inde 8,50	+ 0.08	Makita	+10
sbestas	34.		Easl Asialie	AMRO	75 1 -8,2	Aust, Paper 2,21	+0.01 +0,03	Marudal	1 + 23
k Montreal	2654		Polenede Damp, Tuo	BOI KAIIS Westin,	49	Bond Corp Hidgs 1.8	ALC: 1	Marul	+ 20
el Canada	305.	- 0	GNT Hidg 640 -20	BUCHTMANN TOL.	06.7 -0.3 37.4 -0.1	Boral	+0.93	MEL 1,770 M'ta Elec Works 551	1 -4
onbarbes A	174	-	Jyake Bank 035 -20	Calland Hidga	5B.7 +0,7	Brambles Inds 3.1	-0.05	M bishi Bank 780 M bishi Corp 528	-15
ow Valley	23%4	- 1/4	Novo ind 0,625 Privatbanken 307 -14	- Elsevior-HDtl	650 ;8 152,8 +0,7	Bridge 011	+ 0, 16	M'bishi Elec 392	+ 3
rascan A.	361.2	- 1ie	Provinsbanken 3446		140	CRA 5.44		M'biohi Estate, 448 MHI 257	+#
	2.3		Smidth Fi 005 +5 Sophus Berend., 1,280	Hoogovens	51.41.2	CSR	+0.01	Mitsul Co	1
C. Forest	3020	- 14	Superfos 543 1 +5	In1 Mueller	38	Castlemaine Tys. 4,28	-0.02	Mitsukoshi	; -3
adillac Farry	105-2	- 1 <u>7</u>	FRANCE	KLM	178.4 -1.3	Comaico "A": 5.05	+0.01 -0.07	THORN IN AN AND IN THE REAL	1 +7
In Coment	291/2	- 17	FRANCE	Nal Hed Cert	225 + 2.5	Consolidated Pet' 1.00	+0.04	Nihon Coment 205 Hippon Censo 1,400	+0
n Packets	2754	- 12	Feb. 20 Price + of	Ned Mid Bank	38.7	Ounlop Austa 1.5		Niepon Elect 1.360	
Trusse	45%	- 1.7	Frs.	Nedlloyd	11B.2 -1,5	E.Z. Inds	-0.94	Niepon Express. 884 Hiepon Gakki	
n Ing Bank	3021	- 1/2	Emprup1 43, 1976, 1,918 +4 Emerup1 75, 1973 9,700 + 15	Oce Grinlen! Ommeren Ven.).	030 -6 30 i minut	Energy Res 1.52 ;	±0.02	Niepoo Kakan 140	
n. P. Ent.	224	- 10	CNE 3% 13,360 . +1	Pakhoed	582,6	Gen Próc Trust_, 1.05	+0.08	Hippon OH	1
n Tyre A	115.8	- 14	Air Liguide	Philips	44.7 +0.8		-0.05	Hippon Shimpon, 720	1.7%
ring D'Kte	2044	+ ia	81C		330.8 +0.2	HeraldW'y Times 5,1		Nippon Oteel 103 Hispon Suisan 310	
	551%	+ 14	BSN Gervale, '2,460 -1	Rodame¢	132.5, +0.1	IOI Aust	+0,02	NTV	~ 20
tos Bethest A	28%	- 54	Carrelour	Romanto.	202 : -0.5	Kia Ora Gold 0.15	M 1 1 1	Nippon Yusen 241 Nissan Motor 711	-24
sela Resources	39	-	Club Mediter'n 783 + 2	Royal Outch	155 1 +8.4	Land Lease 4.52	+0.85	Nisshin Flour 444	0
nison Mines	393%	- 50	CFA0	Commerces : commerces	28 +0.8	Mayne Nickless. 0.55	+0.02	Hisshin Steel 178 Nomura	-5
	187/8	- 13	Cofimed 210.5, -1	VNU	153 + +0,5	Meekaunanti u U.QQ	-0.01	Olympus	1 +10
ne Mines	18%	- 0.05	Creusol Loiro 47.8 -0.	West Utr Bank	1204	Nat Com. 8k 5.5		Omron Tateisi 1,870 Orient Loasing 2,810	-31
amin Sus.	18%	- 1/8	Ourrey				+0.55	Pionecr	+0
aiar	321.8		Eaux (Cie Gen) 500 1-4					Rehown	
Cordinage	524	- 5/2 + 3/4	Ell'Aquitaine 221 Gen. Occidentale 599 -11			North 8kn Hill 2.08		Ricoh 1,000 Sankyo 655	+2
ant Y knife	2454	+ 3/4	imetal			Oakbridge	-D,01 +0.05	Sanye Elect 540	+9.
Hest Life	310	-	Latarge Coppee. 319.8 -5.		1. 1. 1.	Pancont'l 1.2		Sacporo	; <u>–</u> 3
di Canada	15%	- 1/2	Legrand	Feb. 20	Price + or	Reckitt & Coln 0.50	+0.03 0.01	Sekisui Pralab 560 Seven Eleven, 5,890	-10
dison's Bey	224.	-	LiOreal			Ropco	+0.01	Sharp	+ 30
sky Dil	10	-	Micholin 8	Bergene Bank	153 -2 250.5 -5	Smith (H.)	+0.05	Shlenogl	4 ~ 8
5.50	31%	- 1/2		Christianle Bk Gen Horak Credit	155 -1.5	Sou Ihland Min's. 0.50 Spargos Expl 0.44	+0.01	Chisel do	-11
	1834	- 1/2	Moulinex 02.8 -2.	Oen Horak Credit	161 ; +1 161 ;		~0.04	Stanley 744	1 + 10
	11	- 1/2	Nord Est	Horek Gata	870	Toolh	-0.42	8'lomo Elect	1.4
C Minu ds	251	-	Permod Ricard 574 -7 Perrier		577 · +2 185 : +0	UMAL Cons 3.70 Vamgas	+0.05	Ctome Metal 168 Telhel Dangyo 520	1 - 4
criti Biostel	30 %	- 1/5	Petroles Fre 802,1' -4,1 Peugool S.A 832 . +4			Western Mining., 4.10 1	-0.02	Talsai Corp	1.+3
aries & Spances	121/2	- 1/2	Poclain 60.1 -0.1				-0.01	Taishe Pharm 920	1 410
Anna Mints	36	-	Printomps Au 136.5 -1.			Woolworths 2.53	0.05	Tokeda	1 -20
	14	- 44	Redeute 1 060 + 10			Wormaid Intl 5.47	+0.02		44
tora Corp	50%	-	Roussel-Ucia1 720 +3 Schneidor 8.A 127 -1	Feb. 17 :	Price + or			Telkoku Oil	-10
c. Sea Prods A	2274	+ ¥	Sefimeg		Pta% -	the second s		TBS	1 13
	1234	-	Ekie Rossignol 1,270 -50 Telemoch Elect., 1,540 +20	Beo Bilbao	275 + + 2	HONG KONG		Tekys Elect Pwr. 1 510 70kyo Gas	1 - 1
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kwood Pat	04	- 74	VE100	Bco Exterior	207 . +2 838 · +5	Feb. 20 Price !	+ 07	Tokye Style 070	1 + 50
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هكذا متمالكنز

SECTION IV FINANCIAL TIMES SURVEY

Pension Fund Investment

Thanks to heavy inflows and favourable returns the UK pensions industry has seen explosive growth in recent years. This has brought handsome rewards for management houses and fostered the emergence of smaller specialist groups

Solid base to funds topping £100bn

By BARRY RILEY

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IN THE past year the volume erate inflation in prices and pay of the investment fumis of UK rates. It is the relative, not pension schemes has surged past the £100bn mark, measured in market values. Only four years ago the total was just £40hn but by the end of 1983 the com-bined assets of UK public and private sector funded schemes stood at £103bn; according to estimates by stockbrokers Phillins and Drew.

Part of the explanation lies in the continued high rate of net inflow, running at between £6bn and £7bn a year (though the rate appears to be slacken-ing slightly). The bigger ele-

ing slightly). The bigger ele-ment, however, is capital appre-ciation, following a phenomenal run of guod years in the securi-ties markets. In fact three out of the past four years have been remark-ably good. Early returns from the Bacon and Woodrow port-folio measurement service sug-gests an average rate of return of around 26 per cent for calen-dar 1983; and the corresponddar 1983; and the correspond-ing figure from brokers Wood Mackenzie is 28 per cent.

These figures are excluding property, however, the poor per-formance of which will have trimmed the overall return by a point or two.

What makes these high returns all the more remark-able is that they have been returns all the more remark. per cent above price inflation), able is that they have been Over the past five years of achieved in a year of very mod- course, the investment picture

absolute, return that is crucial for pension schemes, which normally have diabilities linked to final salaries.

The inflationary nightmare of pension schemes. the mid-1970s is now rapidly receding from memory and being diluted in its statistical impact. The ten-year period to the end of 1983 still includes one disastrous year (1974, when the average rate of return was minus 31 per cent, while wages rose by 29 per cent) but the damage has since been repaired. £1.99m Many more companies must

Average return

In the past decade as a whole, according to P and D, the aver-age annual rate of return achieved by pension funds has been 15.8 per cent, against an average increase each year of 14.4 per cent in pay and 13.3 per cent in prices. The 20-year picture is not quite as good as this. Neverthe-

less, actuaries are these days breathing a lot more easily about the investment assump-tions that underpin funded pension schemes. The assump-tions vary slightly but it is commonly assumed that investtional pension schemes are likely to continue at substantial levels. Where will the money be invested? ment returns will be 1 per cent above salary increases (and 3

go into equity markets at home and overseas. Despite the up-sets of the early 1970s equities have given the best returns over

has been even more favourable. During this period the average life office managed fund has now been rebuilt to the extent achieved a rate of return-on a discretionary basis-of some intervening years low equity prices and almost forced buying of gilt-edged led to an erosion of the equity proportion of 20 per cent, according to em-ployee benefit consultants MPA. The comparable annual rise in salaries has been only 12.7 per funds

cent. Logic dictates that such huge positive real returns cannot persist for long. But while they do, the solvency of pension schemes is improving very fast —so much so, indeed, that many companies are consider-ing whether they can cut down Gilt-edged produced an annus mirabilis in 1982 but fixed rate bonds can be risky for pension their contributions to their

bonds can be risky for pension funds in inflationary times. In theory index-linked sits and property are investments which match pension fund liabilities much better — but being infla-tion hedges they have per-formed very badly in comparative terms in the past couple of years, a period when inflation has dropped to levels not seen since the 1960s. A straw in the wind was the A straw in the wind was the disclosure last year by James Neill, a Sheffield engineering, company, that it bad actually' obtained the agreement of the trustees of its three UK per-sion schemes to return to the company surpluses totalling f1 00m Scarcely enough

Index-linked gilts provide an

assured real yield of 3 per cent or so, equivalent to a nominal return of between 8 and 9 per be eyeing the resources of their swollen pension schemes. But cent in present circumstances. But this is achieved only over swollen pension schemes. But there is also a factor working in the other direction. The pro-posed Government legislation forcing schemes to give a better deal to early leavers—by infla-tion-proofing deferred pensions up to 5 per ceut a year—will raise pension costs unless it is offset by cuts in other benefits. So unless the pressures to the long run. Because of a rise in the real yield, the nominal return was approximately zero in 1983.

So equities have been restored to their pedestal — but the big difference compared with the early 1970s has been the high overseas proportion, So unless the pressures to personalise pensions becomes now accounting for a quarter of the equity segment of the typical fund and some 15 per cent of the fund as a whole. much stronger than seems likely at present, inflows to occupa-When exchange controls were

lifted in 1979 many funds set Most, it seems inevitable, will an initial overseas target of 10 per cent. Since then it has commonly been lifted to the 15-20 per cent range. Pension — and the major life offices are funds invested perticularly now offering management serthe long-term. Equities have heavily in foreign markets up vices for segregated funds,

to the General Election last now been required to the extent to the ceneral Liection last of more than 60 per cent of June, partly to pre-empt any tha typical private sector pen-shock Labour victory leading slon fund, a peak proportion to the reintroduction of ex-last reached in 1972. In the change restrictions. Overseas investment has sub-

overseas investment has sub-sequently tailed off, no doubt in part because the high level of the dollar has inhibited funds from adding to their U.S. port-folios. But the growing inter-nationalisation of the securities markets may encourse UK markets may encourage UK pension funds to raise their overseas percentages further in the long run, despite the additional risks of currency fluctuations and political hazards.

Their appetites will have been whetted by the fact that overseas stock markets have outperformed UK equities in sterling terms in the past three years - though the margin has not been all that great. The explosive growth of pen-

sion fund portfolios in recent years has brought important rewards to many investment houses. The major beneficiaries hanks and others.

have been the big City of Lon-don merchant banks, with names like Warburg. Schroder and Morgan Grenfell leading Interest is also a growing char-lenge from the specialised or "boutique" type of independent fund management house. The best known of these in the pension fund market is Geoffrey Morley and Partners but there Over the years the merchant banks have tended to gain at the expense of insurance comare several newer ones such as Walter Scott. Note should be treen too of the way that management houses like Ivory and Sime and GT Management, before the way for their activities panies, whose clients have with-drawn from their insured contracts as the schemes have become bigger and switched to other types of investment and since and GI Management, better known for their activities in investment trusts, and unit trusts, are seeking to expand in pension funds. If recent history in the U.S. is any guide, this broadening of

> CONTINUED ON PAGE XI

OVERSEAS EQUITIES UK EQUITIES VENTURE CAPITAL SPECIALIST TRUSTS INDEX LINKED GILTS PROPERTY OTHER INVESTMENTS. GILTS EURDBONDS 1984

putting them into direct com-petition with the merchant

There is also a growing chalthe pension fund manage-

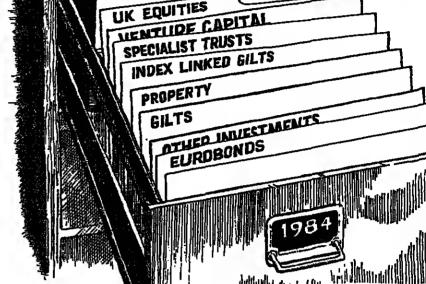
LEADING FUND MANAGERS

Va	une or to	inds (£m)	INO. OL C	nenus	% increase
Manager	1984	1983	1984	1983	in funds
Warburg	4,850	3,400	220	184	42.65
Schroders	4,500	3,400	123	109	32.35
Phillips and Drew	3,500	2,600	128	120	34.62
Robert Fleming	3,300	2,400	192	100	37.50
Barclays	3,000	2,300	55	51	30.43
Morgan Grenfell .	2,965*	2,177*	104*	90*	36.20
Hill Samuel	2,700+	2,100+	180+	172†	28.57
Lloyds Bank	2,328.3	1,836	36	38	26.81
County Bank	2,263	1,734	42	33	30.51
N. M. Rothschild .	1,512	1,094	65	62	38.21
Baring Brothers .	1,500	1,290	77	74	16.28
Pember and Boyle	1,289	1,064	24	25	21.15
Geoffrey Morley .	1,250	958	47	43	30,48
Lazard Bros	1,250	1,000	51,	46	25.00
Hambros Bank	1,147.2	1,059.7	28	27	8.26
	Jan	uary I figu	ires.		

Morgan Grenfell additional £946m in 1984 and £813m in 1983

for advisory clients. † Hill Samuel: 1984 £2.6bn, 1983, £2bn for additional advisory clients.

Research: Jan Schling.

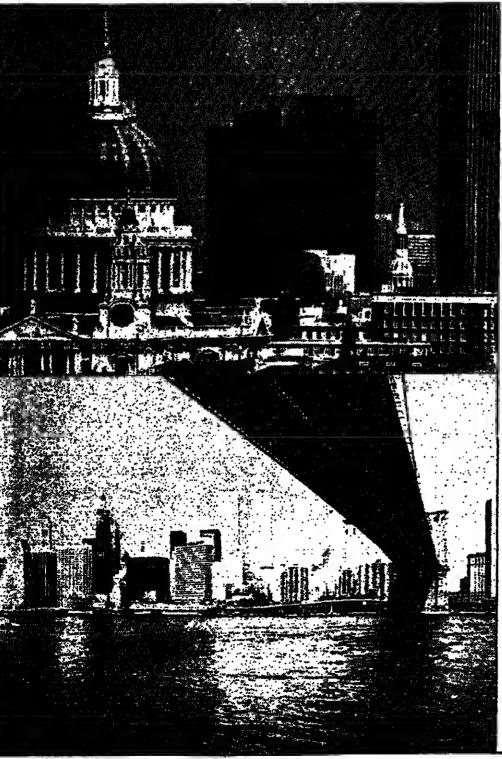


Insurance companies have managed to retain a good slice of this money in their managed funds, however - these cur-rently amount to around £9bn

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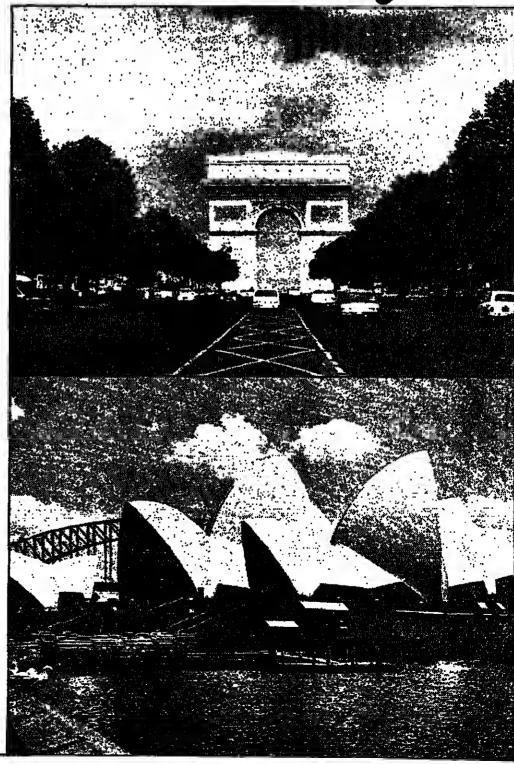
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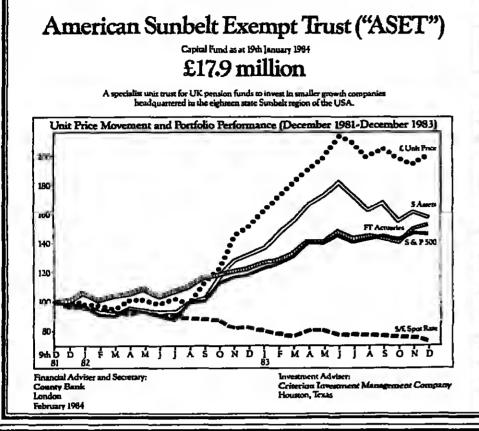
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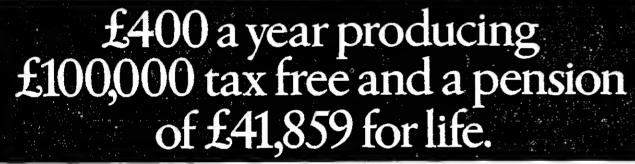




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Shift towards the private sector

also appear to be less keen on than the mean figures would

PENSION FUND INVESTMENT II

bolding overseas equities than suggest. Asset allocation their private sector counter-TERRY GARRETT

CENTRAL Statistical THE Office has not yet published final figures for institutional investment during last year but stockbrokers Phillips and Drew have already estimated that total assets held by UK pension funds passed the £100on markan increase of £20bn over the

year. Not surprisingly, pension fund managers have become in-creasingly powerful figures on the investment scene. They control around e quarter of total British equities and the way in which they allocate their sub-stantial cash flows between various investment media is clearly crucial to individual markets year. Not markets

According to Pbillips Drew's estimetes, £60.3bn of total pensioo fund assets are in the bands of private sector funds, with local authority funds accounting for £14bn and other poslic sector pension funds-mainly the nationalised industries accounting for a further £30.7bn.

Broadly speaking, all three sectors tend to follow a similar investment policy when it comes to asset allocation, least-ways in recent years. Local authority funds for many years were restricted in their investment policy and this led to them to direct far more cash into gilt-edged stocks than privately managed funds.

Those restrictions were partly relaxed in 1974 and from then on the profile of authority funds shifted more towards their private sector contempor-aries. With the virtual removal of those constraints last year, local aothorities will presumably soon look even more like private sector funds because the investment objectives are tha same.

The most noticeable variation between private and local authority asset allocation is that whereas private funds had some 62 per cent of assets beld in equities last year, including 15 points of overseas boldings, local authority funds bad only 13 points of overseas equities in an overall equity investment of 65 per cent. That difference may well have been caused by the restrictions imposed on overseas holdings until last vear.

The "other public funds"

parts. According to Phillips and industry's biggest members, had a property content close to 25 Drew's estimates, out of a 56 per cent allocation towards per cent at the beginning of the equities only 12 points were directed overseas. The explanation is not obvious, though the opposition of some trades 11 to 12 per cent, with an unions to overseas iovestments ultimate target of around 10 per may well be the reason-the cent. miners' union, for example, crossed swords with the indus-try's pension fund managers

last year. The other feature which stands out between the three types of funds is the large property elemeot within the property elemeot within the public sector pension funds. It is estimated that 19 per cent of assets are beld in property against 7 per cent for iocal authorities and 12 per cent for the private sector. The differ-ence is even more marked if the breakdown is carried back a few years.

a few years.

Big shake out

In the private sector property has our featured higher than the 17 per cent of 1974—just before the big shake-out in property values. Public sector funds, bowerer, consistently bold substantial property investments. The proportion has been as bigh

as 33 per cent in 1974 and bas moretypically been between 21 and 25 per cent reaching the upper figure three times. The reasons behind this divergence are not clear. Yet

Yet it is worth noting that the "other public sector" funds are dominated by a few exceedingly large funds. Possibly because of their sheer size they are will-ing to get more involved in major property projects. The larger funds in the private sector are also helieved to bave 2 greater property exposure

'80s. Tha managers there have been actively reducing that Ot exposure and now it is down to Private sector funds have

The Prudential, one of the

gradually been increasing their proportion of equity investment on the back of rising stock market prices around the world.

Of course rising equity values bave been instrumental in shifting the percentage alloca-tion. In London the market was up around a third terms the U.S. Japan and while in sterling terms the U.S. was even better. Japan and West Germany were also powerful movers. Given that hackground it is perhaps surprising that the percentage value of UK equities only rose by two points, the same as overseas. Yet a number of fund managers, fearful that UK values are topping out, have been reducing their commit-ment.

Shift from U.S.

The Prudential funds are an examples of that trend. Its UK equity involvement was only 42 equity involvement was only all oer cent at the end of 1983 compared to 18 per cent for overseas holdings. Within that latter figure there was a shift away from the U.S. towards the Pacific Basin last year.

The changing attitude towards property in the pri-vate sector is perbaps the most interesting feature over the years. Back in the early 1970s property was considered "the" inflation hedge asset. A property crash and a few years of indifferent performance has TOTAL PENSION FUND ASSETS

Private sector	1963	1971 6,2	1979 22,4	1982 46.8	1981 58.9
Local authority	0.7	1.9	5.4	11.3	14.7
Other public sector	1. 0 4.5	2,5 19.6	12.1 39.9	23.I 81.2	29.6 103.2

e little last year. In the private

achieved laid that concept to rest. According to the figures from Cubie Wood, property only dividends. Index-linked the only sector not to showed an everage return of 8.2 per cent during 1983 com-pared to 25.9 per cent for the group's standard fund, which has a sector distribution the inflation rate last year. The Government kept up a fairly heavy fund-raising programme on the gilt market, though the pension funds' com-mitment proportionately exad

e little last year. In the private sector there was a modest fail of total funds in gilts from 23 to 21 per cent; among the local euthority funds the number dropped from 27 to 24 per cent while among other public sector funds (gilts tend to be less popular among these) the per-centage feil from 21 to 19 per cent. representative of the average privete pension fund in tha Many funds have lost their appetite for property. For the first nine months of 1983 pension funds and insurance com-panies cut their new invest-ment in property by 30 per cent to £935m. cent.

cent to 1935m, Property, of course, still pro-vides an income flow and an investment on that basis should be weighed up against returns elsewere. But as a hedge against inflation in-vestors could be better off index-linked silts. Still, Government eccurities could swing back again this year. As equity prices look nervous in high ground, gilts nervous in high ground, ghts are still making a positive re-turn over inflation. Hill Samuel, which advises 180 pension funds, is one of the houses that see e reversal of 1983's pattern in store for this year. index-linked gilts. Yet index-linked were not

Yet index-linked were not popular last year despite inflation-proofing holders cash. With relatively low inflation rates performance-orientated fund managers think they can find better returns elsewhere. In the run up to the election some managers were been on index linked fearing that a popular last year desputs of reversal of roots parter in inflation-proofing holders cash. With relatively low inflation fund managery think they can fund better returns elsewhere. Normally the Pru holds a fairly modest portfolio of Government some managers were keen on the Tories were back in power tha Tories were back in power that interest waned and for calendar 1983 as a while index-linked showed a gain of ony 0.7 per cent according to cuble Wood — and that was

Battlecry worries investment chiefs

Portable pensions ERIC SHORT

"EVERY MAN his own Capitalist." This is the clarion call from Mr Nigel Vinson and Mr Philip Chappell, the prime motivators in the drive by the Centre for Policy Studies to

The first is for compulsory Nigel Vinson and Philip Chap-disclosure of information on pell are extremely optimistic pension schemes—a change over the investment opportuni-that reflects growing public ties for individuals making demand their own morelow their own pension arrange-ments. They do not foresee any-think but a crock of gold at the end of the rainbow and their ettinde for those em-The second area of change concerns AVC (Additional Voluntary Contribution) Voluntary

schemes. The Centre and the NAPF are agreed that these should be made much more flexible, The Centre wants banks, unit

Centre for Policy Studies to The centre wants banks, and introduce personal portable trusts and building societies and as well as tife companies It is the battlecry that rings to be able to offer personal out every time these two meet pension arrangements. It goes Mr Norman Fowler, the Social even further and wants indi-Services Secretary, who is viduals, with recognised investline. It points out that the investment world is complicated

three areas of agreement on ensure that the employee does the actuary but investment man-changes in the current pensions not get the investment decisions agers may find themselves embrolled in more paperwork in produce so-called values of the wrong. Nigel Vinson and Philip Chapets on several different

bases The benefits for a full-blown portable scheme will accrue to the outside institutional fund managers, especially those in-stitutions with good markating outlets. The main beneficiaries ployees whose investment per- are likely formance turns out to be poor societies. are likely to be the building

The NAPF take a different Playing safe · · · · · ·

Individuals are likely to play and beset by major and unfore-seeable vagaries of politics and economics. It claims that very few individuals are prepared to Association, while fully supporting final salary company schemes, has claimed the right to market portable pensions should the Government decide to implement the scheme. Those life companies not in the mainstream company pen-sions business are vocal in their support of portable pensions On the face of it a move to portable pensions would chan-nel savings into one or two thousand major and minor in-stitutions instead of spreading it through several thousand pension schemes. But Nigel Vinson claims that an employee invest-ing in unit trusts identifies himself more closely with those savings than his 60ths final

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44	£2,000	£_ 800	£ 60,000 £24,101
54	£5,000	£2,000	£ 35,000 £13,032

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Government chairing the inquiry into portable pensions, though one feels the message Is aimed more st Mrs Margaret Thatcher. Already the noise created by

the Centre's proposals is send-ing shivers down the spines of Mass marketing many pension fund investmen managers. For one of the stated aims of tha Centre in Introducing these changes is to end the growing concentration of the ownership of wealth by the financial institutions. The Centre claims that personal portabla pensions would reverse this trend and disseminate is made, to the benefit of build-Fund managers in their nightmares could imagine their ing societies and unit trusts as well as life companies. funds breaking up like glaciers meeting the sea and breaking into icebergs and floating away. They visualize that there would be a rush of employees, urged on by difa company salesmen, anxious to take their stake in the company pension fund and do their own thing with tha

Modified

right

specified period.

money. However, if Norman Fowler latest fund of the month. Pension fund managers does go soma way towards bringing about portable penthought the danger to their operations came from the poli-tical Left, with the Labour Party and the TUC directing their investment policy. Never sions, say by giving new employees tha right not to join their new employer's scheme, the implications are wider rangdid they visualise an attack from the Right-and some pension The pension manager would have to sell tha final salary fund operators still give the imme to incoming employees

pression that the portable penand the investment manager's sions proposals are just a bad dream. record would be e useful selling sid However, the centre envisages company schemes

manage an to offering Fund managers need not fear that their funds will disappear airangement on a money pur-chase basis, employee's personal pension overnight. Norman Fowler, at least, gives the impression in Up to now most companies

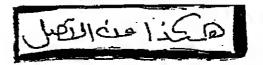
the open meetings of the inquiry that he is not going to recom-mend any form of postability have preferred any individual pension arrangement, such as AVCs, to be done outside the that would result in the break-up of company final salary schemes. main pension fund. There are administrative problems in keeping a series of separate The Centre has considerably modified its original proposals contained in its paper published funds under ona main fund

umbrella. But now employers may feel last April. It wants portability to be introduced gradually. In the first stage, the employees that they need to offer some personal arrangement for em taking a new job would not be forced into joining the com-pany pension scheme but the ployees wishing for a personal pension to save them from the blandishments of the various inof existing employees to vestment salesmen.

withdraw en masse would be The evidence to the Government enquiry into portable pendeferred until a later and unsions has drawn attention to the So if the worst fears of the pensions movement are realised cost factors. The charges on an individual pension plan are far and portability is introduced, its effect will be felt in stages. higher than the expenses incurred by an employer running

Fund managers are not likely to be faced with the need to his own scheme Pension consultants Wyatts sell assets in meet massive demands for cash withdrawals. estimata that costs per em-ployee are 18 per cent of pre-The investment scene is miums on e goltalone basis going to change, however, even against 8 per cent of contribuif Norman Fowler does no more than recommend the minimal tions on a company scheme. The investment performance has to be good to offset that changes agreed by both sides. level of expen

A meeting between the National Association of Pension Secondly, an in-house port-Funds and the Centre set out able arrangement will better



ment advisers, to be able to build up their own personal portfolios, investing directly in stocks and shares, property and venture into the area of the recognised experts and those who do are quickly dis-illusioned

"tough."

ïs

Illusioned. It feels that many employers will not say "tough" to employees whn fall with their portable pensions. These employers will feel some coa-cern and sense of responsibility It is doubtful whether Norman Fowler would agree to going all the way, at least et tha start, in allowing individuals to for those employees who adopt a prodigal son approach and build np their own portfolios. But it is possible that he will mand their portable pension, at least while they remain in their employment. The easiest way to do this is to offer an allow other institutions to offer AVCs on an individual basis. One can foresee mass marketing of AVC schemes if this change

in house portable pension man-aged by the pension fund nvestment manager. The Centre is demanding that

employees have a greater identi-fication with their share of the The third area of change relates to transfer payments and it is not clear what has been agreed. But where a transfer company pension scheme-wbat-ever thet may mean. They want payment is available then the the fund operated on e unitised leaving employee should be allowed to make his own portbasis and disclosure to the member's units each year on a able pension plan with the

salary pensions. One can see pressure building up for more employee involve-ment in the running of pension schemes as a result of the cur-rent debate. Provided this is discontinuance valuation basis. done in an orderly manner it This is primarily e problem for can only be to the good.

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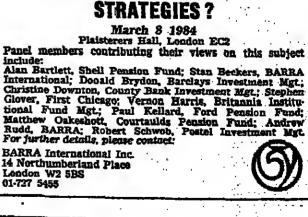
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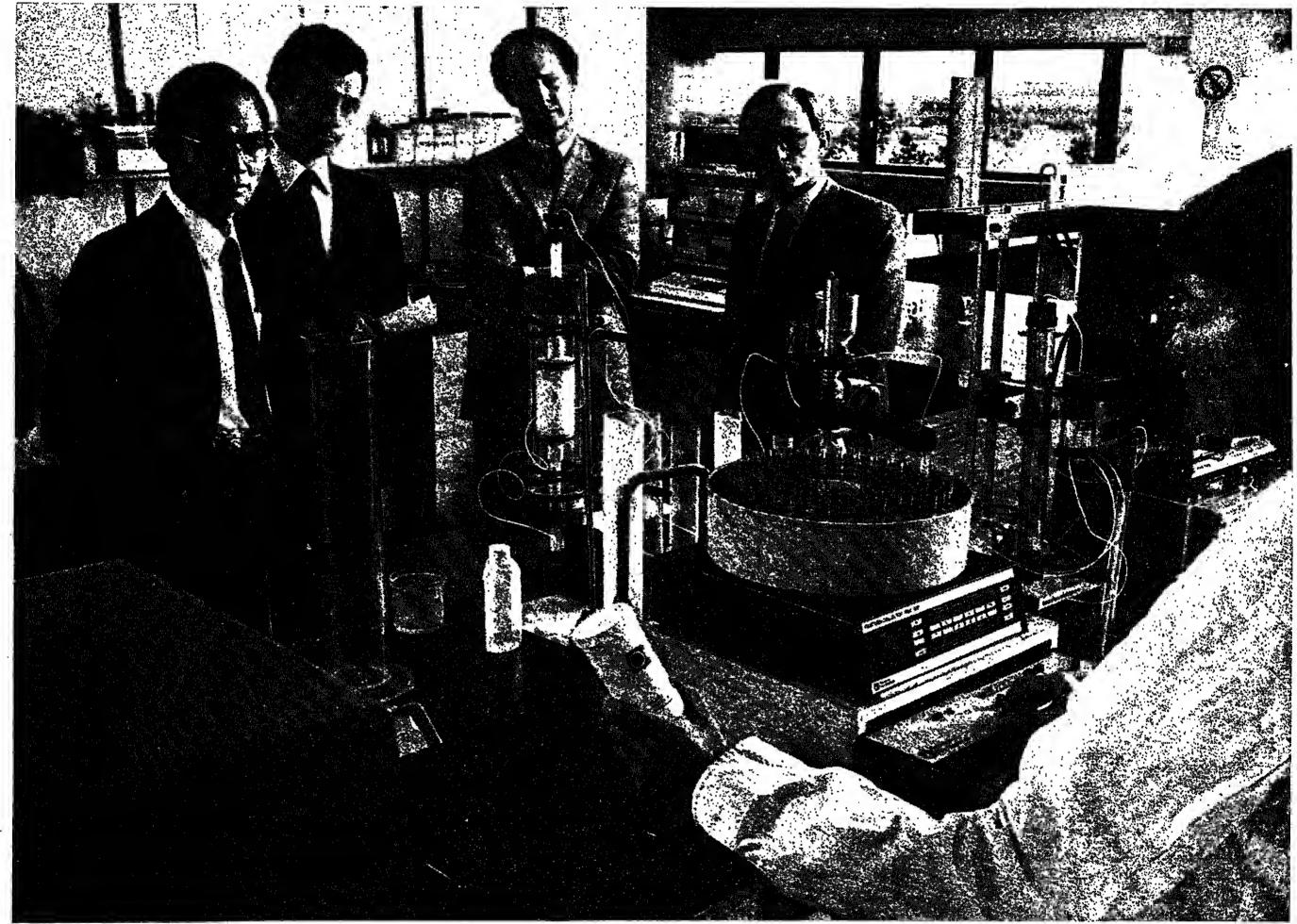
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VATEGIES.

Institutional investors profit from The Morgan Bank's use of international research



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Morgan analysts Hisaaki Hino and Paul Wietzel and portfolio managers Graham Nutter and Anthony Bird'discuss bio-medical separation equipment with the manager of the UK division of a Swedish health care company

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PENSION FUND INVESTMENT IV

Financial Times Tuesday February 21 1984

Competing institutions and their approaches

External managers

CHARLES BATCHELOR

THE BUSINESS of pension fund management is becoming increasingly competitive as more trustees come to realiso the value of the assets they control. Trustees who in tho past chose external managers for their funds on the basis of personal compatibility are now taking a much closer look at performance tables. "People now realise that for

"People now realise that for most companies the pension fund is their largest asset, costing huge amounts of money." says Mr Keith Jecks, manager of Investment Performance Monitoring Service, part of Cubie, Wood and Company, which itself is part of the Noble Lourder amplements Noble Lowndes employee hene-fit services arm of the Hill Samuel merchant hanking

group. "The pension fund con account for 18 per cent of a firm's payroll — say 3 per cent of turnover. That is too much money to leave to passive management. If you can add

management. If you can add 1 porcentage point to your yield over a number of years you could afford to reduce the con-tribution rate by between 15 and 20 per cent," he says. Changes in pension legisla-tion provided fund managers with a steady stream of new clients in the mid-19Cle

life insurance companies, which used to dominate the market with thoir insured schemes, have seen large parts of their business snatched away by the and the stockbrokers bave themsolvos come under pres-sure from tho so-called "boutiques." the specialised index and the stockbrokers of the pres-sure from tho so-called "boutiques." the specialised index and the stockbrokers of the pres-sure from tho so-called "boutiques." the specialised index and the stockbrokers of the pres-sure from tho so-called "boutiques." the specialised clients — with a total of 230 index and the stockbrokers pres-sure from tho so-called the specialised clients — with a total of 230 index and the stockbrokers pres-sure from tho so-called the specialised clients and the specialised clients and the specialised clients and the specialised the s sure from the so-called "boutiques." the specialised fund managers, many of them

established by peoplo seeking to break away from the con-straints of the larger institutions. Forced by client pressure to

Forced by client pressure to provide a more visible and more accountable type of fund management, many life offices set up managed funds — pool-ing the assets of a large num-ber of clients. They are now finding themselves under pres-sure to set up segregated funds, each one comprising the assets of a single client. Total funds invested by the

of a single client. Total funds invested by the pension fund sector now exceed £100bn, with the insurance com-panies estimated to manage just under half. So the mer-chant banks, the clearing banks, stockbrokers and houtiques toother account for slightly more

than half. The top positions in the fund management league are dominated by the merchant banks. S. G. Warburg beads the list with £4,85bn under management at the end of 1983, closely foilowed by Schroders. There are three other accepting houses in the top seven.

Third place

funds altogether - are handled be "undertrading." by teams of three — a fund manager backed by a director and a junior. No-one has more While stockbrokers frequently apply a top-down approach to asset distribution they generally give greater dis-cretion to their fund managers. than 12 clients.

than 12 clients. In addition to deciding on overall asset allocation the bank policy committee has also applied — since the 1970s oll shock — firm limits to invest-ment in individual sectors of the UK and overseas securities markets. Those with large research teams are particularly well placed to take a view on a share and many build up their portfollos with shares of companies they know well.

the UK and overseas securities markots. "Where the fund manager has discretion is in the choice of individual securities," says Mr David Price, chief executive of Warburg Investment Man-agement. "You can't employ good people if you don't give them discretion, though we don't employ prima donnas. In the end it comes down to stock selection." Research capability differs from bank to bank, with some OD.

Research capability differs from bank to bank, with some carrying out their own and others relying largely on stock-brokers. Warburg says it relies on the brokers to crunch the numbers on tho larger com-panies, to which it then applies its own analysis. It researches the smaller companies itself. The nurs investment houses

The purg investment bouses of boutiques have been taking a growing share of the pension fund market. They include old-established groups such as

Management selection

The consultant's first task is within that philosophy, the management may be seen as a to determine what the trustees amount of discretion given to back room job, but not pension have in mind-in the case of individual managers, the size fund management involving the first-time selection, to establish and type of funds presently trustees." what kind of broad policios the under management, and the If this situation seems unfair, trustees would like to follow, degree of attention given to or arrational, it is nevertheless and in cases where a change of each individual fund. And, of likely to become more acute in

Vogue for more than one manager

the future. As in so many

One trend which is develop-ing is for pension fund trustees to take their own decisions on asset allocation, drawing on pro-fessional advice and then assign-ing UK equities to one man-ager, gilts to another and so Funds are also increasingly making a straightforward split of their assets among more

3£3

than one manager. Funds dis-satisfied with their manager are placing a portion of their funds with a second, partly in the hope of gingering up the first. Some have jettisoned their original manager altogether.

Keith Jecks advises funds to make a clean break. "If the original manager has consis-tently underperformed ho should be sacked. There is little downsida risk in this."

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TONY JACKSON

The trustees may, for instance, feel that they do not want to stick with middle-of-FOR THE trustees of a pen-sion fund, choosing the right manager or managers to bandle the fund's investments is becom-iog an increasingly difficult and the-road, conservative policies. In which case, the consultant may want to point out that if they choose a manager who will sophisticated process. Advising the trustees on how to go about naking that choice is, corres-noodingly, becoming big busi-ess. Trustees can be on the bunt poor performance by the fund making that choice is, corres-poodingly, becoming big busias well as periods of outper-formance. Or tho trustees may for a new manager for a variety of reasons. Some will simply ho dissatisfied with their prebe thinking of splitting the fund be dissatisfied with their pre-sent manager's performance. Some will have decided to split the fund between managors with different styles and in-oggs in ono basket-or because they would like part of the fund will have decided for the first time that their fund has grown large enough to warrant being run separately, rather than with-in the moded fund of an in-time that their fund has grown adventurously.

Having established broad guidelines with the trustees, the consultant will then gear bimself up for the screening process. Perhaps a dozen or so in the pooled fund of an in-surance company. Whatever the reasons, the trustees will normally turn to a firm of actuarial or pension fund consultants to guide thom through the selection process. In practice, the market for this kind of advice falls into two compariments; funds which are looking for a manager for the first time, and those which are experienced in self-managemon but are looking for a change.

hut are looking for a change. The process of advising newly-solf-managing funds owes much of its character to the fact that soch funds will normally have started life with an insurance company. As a rule of thumh, a company with pension assets of under flm would lovest them in an insurance contract; be-tween film and f5m, in an insur-ance company's poolod managed fund; and above f5m, would be fund; and above f5m, would be thinking of having the fund managed on a segregated and separately identifiable basis. In the past, the natural deshe of insurance brokers to re-tain the business of funds which opted for independence prompted them to create advis-ory offshoots of their own. Conory offshoots of their own. Con-Sultants stuch as Noble Lowndes and Willis Faber Advisory Ser-vices started lifo in this way, and although many such brok-ing offshoots may now operate in the widor markot, their busi-ness often retains an historic bias towards the advising of nowly self-managing funds. By contrast, the big consulting actuarios such as Bacco and Woodrow tend to baye a blas Woodrow tend to bave a blas towards advising larger and more mature funds which are looking for a change of existing investment management. But regardless of how oxperienced a fund's trustees may be io choosing and supervising their investment managers, the process of selection is never easy.

management is called for to course, there will be detailed

establisb what has gone wrong questions on the performance in relations with the existing record of the house and its managers. The trustees may, for over a period of five years or so. instance, feel that they do not Though past investment performance is always one of tha selection criteria, consultants differ in the amount of emphasis they place on it. Performance measurement is an essential

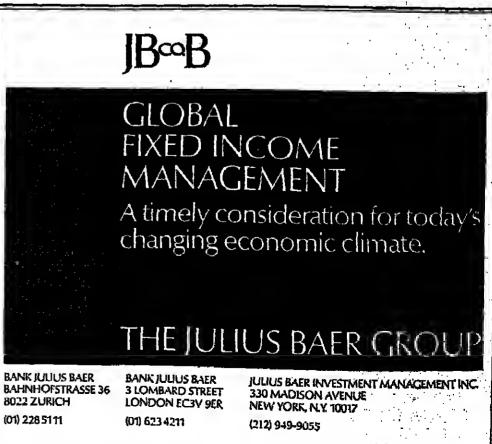
tool for checking the activities of managers already hired, but a manager's past performance may not always be the best way of judging how well he will fit in with a now board of trustees. But what if the investment manager, for all his talents, is a shy introvert, and cannot put

SUCCE

investmant matters, the pace is being set in the U.S. The split-ting of pension funds between different managers—sometimes a very large number—is becoming commonplace in the U.S. pensions market. This in turn reflects, the breadth of choice available, in investment theory, style and presentation. In the UK, really competent investment houses run only to a few dozen and most of them still offer a broadly homogeneous, middle-of-the-road approach. This is changing, however. More adventurous investment manager, for all his talents, is a shy introvert, and cannot put his points across well in inter-view? There seems little way that trustees can think of split-round this, for consultants ting their funds between agree that while a senior mar-ment house might come along mean a further increase in the to add a bit of gloss, any pre-importance of the consultants will presence of the man running emphasise that they try to stay the fund would be unlikely to clear of the evenroal decision succeed. houses are now appearing-

clear of the eventoal decision on whom to spooint but the more they involve themselves in process. Perhaps a dozen or so succeed. management houses-morchant And if he is not a fluent pre-banks, insurance companies, senter, hard luck Says one con-stockbrokers-will be sent a sulting actuary: "If a fund of managers should be chosen (usually lengthy) questionnaire. This will cover such matters as the house style and philosophy on investment management, the degree of flexibility allowed for an insurance company. Fund fund's portfolio.

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PENSION FUND INVESTMENT V

Rival services square up

Performance measurement

BARRY RILEY

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REGULAR measurement of the performance of pension fund portfolios in the UK is far from a new phenomenon, but in an increasingly competitive en-vironment it is being taken more and more seriously. "Portfolio measurement has made a crucial difference to our approach," admits a fund mana-ger at a leading London merchant bank

But competition is also affecting the measurement services themselves. They are polarising into two main services, although with several smaller ones also seeking niches in the market place.

The biggest pension fund service is run from Edinburgh by stockbrokers Wood Mackenzie. For 1983 this covered 860 UK funds worth a total of £65bn and the aim is to reach the 1,000-fund mark this year. At auch a level the WM service would be twice as big as its newly formed rival, CAPS, which boasts 500 client funds

worth some £40bn. CAPS stands for Combined Actuarial Performance Services, a name which reflects its creation through the pooling of the separate services of three

large firms of consulting actuaries - Bacon and Woodrow, R. Watson and Duncan C. Fraser. In fact, CAPS was announced

only in December last year, and its first measurements will not be produced until later in 1984. Calendar 1983 performance statistics are still being generated by the individual

The merger reflected the Sharp of Godwins puts the em-actuaries' need to fight back phasis on tracking the perform-against the much bigger and ance of fund managers rather

way).

that the pooling of resources is bouses

not a defensive reaction but is "a strong offensive measure." He claims that CAPS "will He claims that CAPS "will very quickly become a standard &cross the market." A speeding up of the service is promised compared with the existing firms' timetables, and efforts will be made to go out and sell the measurement system, especially to the merchant banks which so far bare tended to be WM customers "One in supervision section of Peat Mar-wick Mitchell in New York. In the U.S., performance measurement is a much more public affair. Portfolio mana-gers will not only disclose their performance but will do so with-in a very few weeks of the year-end (a somewhat embarrassing experience for many of the US to be WM customers. "One in-stitution has signed up for 45 funds," says Hager. WM's Mr Dugald Eadie notes

experience for many of the U.S. managers for 1983, when many CAPS but suggests that further refinements planned for his firm's service will leave the actuaries still struggling to of them underperformed the U.S. equity indices because of the shakeout in high technology catch up.

the snakeout in high technology stocks and a recovery by un-fashionable smokestack issues). The only comparable case of speed and disclosure in the UK is provided by the insurance company managed fund sector, where unit prices can be In the past the actuarial firms have tended to criticise the WM service as being based on a aample biased towards a few large fund management groups and have also complained at the way WM has been able to re-ceive its fees in "soft" form company managed fund sector, where unit prices can be closely tracked. Employee benefit consultants MPA take pride in producing the speedlest annual survey of these funds —it comes out hy about the and of lonuar through commissions (about half its clients' funds pay in this end of January. But topping the tables is not everything. MPA's Mr David Duncan points ont than small

Soft commissions Dugald Eadie responds by

funds often perform well in the early years but may not be able to keep the pace as they get asking how a sample represent-ing well over half the total mar-ket can be seriously blased (though he admits the sample Data supplied by individual funds and managers to the is light on local authorities and other UK measurement services funds managed by stockhrokers, who see WM as a rival). is treated as confidential, al-though CAPS is prepared to supply individual managers' figures to clients when they As for soft commissions, WM As for soft commissions, WM no longer has an advantage here. "Clients may wish to take advantage of the recent relaxa-tion in the rules of the Stock Exchange which permits stock-hrokers to sponsor investment performance services," says the CAPS promotional literature. While the higt two square up are seeking new investment advisers. In practice, managers reckon they get to know on the grapevine how their rivals are

doing. Generally speaking, however, While the hig two square up to each other, smaller services are run by firms such as Cubie Wood and Godwins, Mr Gordon the only readily available information relates to aggregated figures, concentrating on the performance of the median

fund or the range of results over upper and lower quartiles. The original objective of per-

more efficiently produced WM than individual funds and he formance measurement was to service. But Bacon and Wood monitors the results of around provide the trustees of pension row's Mr David Hager argues 25 of the major management funds with some kind of yard-

wood Markenzie also runs an ship of their funds. There was international portfolio measure-ment service, though bere it comes up against some of the American specialists like Frank the scheme and at another level Russell and the investment to compare the performance supervision section of Peet Mar-with the market indices.

Oualifications

The development of widely subscribed services, bowever, has enabled measurement to take on a comparative role, permitting both trustees and

bere, however, because not all funds operate under percisely the same constraints. may be more conservatively managed than others, which means they are likely to per-form relatively bester in an equity bear market than a bull market. Others may face par-ticular restrictions, such as a ban on shares with a South African involvement.

measurement is moving beyond the level which can readily be comprehended hy the average trustee and is being directed at the professional fund man-ager himself. It is aimed not merely at showing where the manager stands in a comparative league table but at analys-ing in detail the impact of the various decisiones he bas made. Wood Mackenzie's service, for example, breaks down the over-all rate of return into subsidiary returns on various asset categories. These are UK equities, overseas equites, fixed interest, index-linked gilts, cash (or liquidity) and property. The distribution of assets, as well as

the individual sector returns, can then be compared to the averages. It thus becomes possible to

analyse overall returns in terms of asset allocation decisions as well as in terms of ability to erform in particular sectors.

Loomis, Sayles	Capital Growth	31.2	58.6	
Trustee & Investors	Tax-Exempt Equity	30.9	54.3	
Investors Research	Twentieth Century	30.3	76.2	
Equitable Investment	S/A No 3-Growth	28.9	74.8	
CATEGORY: Non-U.S. I Manager	Equities Fund	5 years 1	year	
Putnam Advisory	Foreign Equity Growth	14.7	42.6	
Lo Internalional inv.	Fund AA	12.9	30.3	
CITLInvestments Intl.	Intl. Securities Fund	11.2	43.3	
First Nat. Chicago	Inst. Intl. Equity	10.0	38.0	
b. G. Warburg	Non-U.S. Composite Fund	9.7	32.8	
CATEGORY: Global Eq Manager	uities Fund	5 years 1	year	
Templeton	Global ERISA	22.1	57.4	
Wertheim-Philippe	Pan-Holding-Global	18,2	43.4	
Capital Guardian	New Perspective Global	17.7	44.0	
Hill Samuel	Intl. Equity	10.3	42.5	
Bank Julius Baer	Grobar Glohal	6.5	54.9	
CATEGORY: Eurodollau Manager Credit Sulsse 1st Boston	r Bonds Fund Gnat Eurodollar	5 years 1 13.8	year 15.9	
Travelers Asset Man.	Account A Euro\$ Bonds	13,7	19.5	
Travelers Asset Man.	Account M Euro\$ Bonds	13.5	18.3	
Fiduciary Trust	Eurodollar Bonds	13.2	17.1	
Kleinwort Benson	Fund B Euro\$ Bonds	13.1	17.3	
Note: This table includes only those funds monitored hy Peat Marwick Mitchell, New York.				

TOP PERFORMING FUNDS

30 1983; annual rates of return per cent

St. Paul Growth

5 years 1 year 31.6 61.9

In the Peat Marwick Mitchell universe; periods ended Septemb

Fund

CATEGORY: U.S. Equities

Manager Jundt Capen Assocs.

significant. It is conventional to measure performance every quarter, which has the merit of manager can then learn for instance, that although be heat the indices in gilts be should have switched more beavily into equities. keeping fund managers under a degree of pressure, but at the same time it would be absurd to The trend is towards ever greater segmentation, with septake important decisions or

arate categories for newer instruments like financial futures and greater geographi-cal analysis to reflect the insuch a short time-scale as that. By definition pension funds have very long-term objectives. In the more volatile climate of the U.S., fund managers are creasingly international nature of pension fund portfolios. Ulti-mately there could he a kind more likely to he sacked for poor performance than in the UK. But Mr Brian Rom of of global matrix solution. By that stage the poor old trustee will have been left a Peat Marwick suggests that most clients do not look too

long way behind hut he will still have the responsibility for closely at quarterly figures, pre ferring to look at cumulative results over a year or two. deciding when a fund manager is not performing well enough. Here it is not just a question

"There's no reason not to keep someone who hlows one of looking at the performance quarter," he says. "A market to the length of time over which appropriate time period to look the results can be said to be at."

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Changes ahead for the charging basis

Fees BARRY RILEY

e mana

11

are charged at a lower rate comparatively obscure. With than large. It follows that a hanks, for instance, there may bank dealing in the same share be spin-offs from currency trans-for e number of different chient actions by investment clients, funds at the same time can while it has been known for in-qualify for a lower commission coming dividends to be held in rate than the individual funds.

sliding scale. Small transactions come can be generated are often

stick for assessing the steward-Wood Mackenzie also runs an ship of their funds. There was atternational portfolio measure- a need to compare the invest-

fund managers to see how their performances shape np against those of a wide range of similar pension schemes.

There must be a qualification Now, increasingly, portfolio

WHY ARE investment manage. ment fees more than twice as high in the U.S. as in the UK? Way are some UK merchant

banks starting to offer two scales of pension fund managebanks starting to offer two scales of pension fund manage-ment fee? The subject of fees for port-folio management can be a deceptively difficult one, does a big investor qualify for especially in the case of all a lower continuation." Not only deceptively concurrent one, cores a big enversion rate on especially in the case of an a lower commission rate on integrated financial organisa- large transactions; he is further tion such as a merchant bank,

which as well as undertaking investment management may also accept deposits, deal in

also accept deposits, deal in currencies and sponsor new issues. Superficially, the charging of Mr Geoffrey Morley, an inde-basis may look simple enough. pendent fund manager, who Normal practice is to set the found that granting of continu-fee as a percentage of the ation rights in 1982 produced a value of the portfolio, accord-saving of 40 per cent of the ing to certain size bands. For very large portfolios the fee Morley and Partners, as with may be as how as 0.1 per cent most of the independent manmay be as low as 0.1 per cent. But the first few million pounds will be charged at sig-nificantly higher rates, and the funds. average merchant banking fee is probably something like 0.2 per cent for a typical fund.

For other types of manager, however, the fees can be different. The independent boutiques, for example, charge more on the basis that they offer a special style and, if all goes well, a superior performance. All types of manager are likely to charge extra for the management of overseas assets.

Conflict

ME

WINK Chink

At the other end of the scale it has been the practice for stockbroking firms to offer "free" portfolio management, on the understanding that they will generate indirect revenue from commissions incurred on ctions by the funds under their control.

Plainly this introduces a con-flict of interest in that hrokers from excessive dealing. But in practice brokers are so sensi-tive to accusations of " churning" that they are careful to keep activity levels below

average. It is not quite so well known that other managers can also benefit from a high frequency of transactions. This occurs when individual funds are charged a rate of commission tive source of extra income from the fund management different from that paid by the investment management house, from the Quite commonly merchant activity.

banks produce their own contract notes when charging commission to the portfolios under their discretionary of consulting actuaries Bacon control. In these circumstances and Woodrow told the annual there is no guarantee that the commission charged to the fund is at all closely related to the commission ecually charged to the bank by the broker.

The difference arises because brokerage is charged on a

would have been liable for on their own. Merchant banks their own. usually argue that they are entitled to the benefit of this wholesate/retail differential

In the past few years the able to pool trades in a single share with the same broker over a three-month period and claim a substantial commission rebate.

most of the independent man-agement houses, these economies are passed on to the There is in Itself nothing im-

There is in Itself nothing im-proper about the remuneration method in which such commis-sion benefits are retained so long as the client is aware of what is going on. In comparing the fee scales of different man-agers he must know which are also likely to derive substantial indirect remuneration. activities of stockorokers are carried on. Firms like Phillips and Drew, which manages some £3.5bn of pension fund money, will probably have to introduce

one important side effect of One important side-effect of the sharing in commissions, however, is that the manager has an incentive to deal more heavily. This cannot be a sen-sible feature of a charging system, especially in the London stock market where a heavy stamp duty is charged on equity trades onite anart from trades, quite apart from brokers commissions.

In addition there are some-times allegations that invest-ment managers who essue their nwn contract notes are in a postnwn contract notes are in a posi-tion to induge in more contro-versial practices. For instance, times of shares may change hands without passing through the market and chient funds may pay a price different from that paid by the manager. Another merchant banking practice, of requiring interest-free deposits from stockbroking firms before they will give them search and other expertise.

mee deposits from stockrowing firms before they will give them business, is less common than it used to be but is still heard of. At times of high interest rates it can represent a lucrafund management house become a matter for private negotiation.

are unlikely to move up as far as the level of 0.5 per cent, or The total benefits of back-door charging methods can be considerable. Mr David Hager management which is more conference of the National Association of Pension Funds popular across the Atlantic, as well as the impact which the (NAPF) last May that a frequent effect may be to double the direct fee income of larger Wall Street bull market has had on the pay expectations of American investment profes-sionals.

managers. The ways by which extra in-

arate accounts until the en of each quarter, the interest benefit being received by the manager. In his speech to the NAPF

Mr Hager mentioned a common source of grievance - that pension funds may be put into specialist unit trusts run hy their managers, involving extra fees and the opportunity for dealing profits on the units. Mr Hager now says that no-

body has contradicted his esti-mates of the level of indire.) charging. He notes that certain merchant banks have begun to offer two scales of fees charging say 0.2 per cent when on benefits brokerage commi stay with the manager and 0.3 per cent when they are passed to the chient.

Radical changes

Recently, however, the proposal of radical changes in the Stock Exchange's commission structure has introduced a new element to the debate over port-folio management charges. When fixed commission scales are abolished there will have to be a rethink of the way in which the fund management activities of stockbrokers are

a scale of direct charges. a scale of direct charges. The merchant banks will bave no official Stock Exchange yard-stick to apply if they continue to draw up their own contract notes, so it will be more difficult for them to operate such a notional commission system. Pension fund advisers are

getting ready for a general rise in the level of direct portfolio management fees. This will only be partly offset by a drop in the dealing commissions paid by the funds. Net of con-tinuation, there is unlikely to be a very substantial reduction in commissions, at any rate those charged hy the full-service broking firms which provide re-

A consolation will be that the charging of portfolio manage-ment fees is likely to move on to a generally "cleaner" basis, although there are those who worry about whether it will be possible to police a situation in which the commission discounts and rebates enjoyed by each

At least management charges even more, which is common in the U.S. That reflects the expensive "boutique" style of



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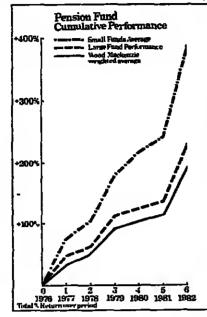
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PENSION FUND INVESTMENT VI

Passive concept of merely tracking the index

Strategies

IF YOU can't beat the index, then hold it. That has been the rationale behind the recent emergeoce of passively managed emergeoce of passively hanaged funds in the UK, which are designed merely to track the performance of the FT-Actuaries All Share index. Across the Atlantic, passive management has a decade's bistor: behind it. But in the UK history hehind it. But in the UK the concept has been much slower to catch on. Only last year the Californian hank Wells Fargo, one of the largest passive managers in the U.S., wound up its base to Loodon after failing to win any contracts over bere. But their experience appears to have been a case of the pioneers getting scalped only to

CLIVE WOLMAN

make the way easier for those who follow in their trail. One of the reasons behind the

reluctance of UK pension fund trustees to take to passive management bas been the gulf between the husiness school academic communities and the practising portfolio managers in the City. Modern portfolio theory with its emphasis on risk analysis and management and Second client

I analysis and management and
its often implicit acceptance of
up index-matching funds only
reluctantly.Some fund managers have set
up index-matching funds only
reluctantly.is often taught as a self-evident
truth in business school financeSome fund managers have set
up index-matching funds only
reluctantly.But it has made few inroads
into the thinking of Clty fund
management groups. At the
passive awareness of the
wolatility.Some fund managers have set
up index-matching funds only
reluctantly.Some fund managers have a
passive awareness of the
wolatility.Some fund managers have set
up index-matching funds only
reluctantly.Some fund managers have a
up index-matching funds only
reluctantly.Stockbrokers
Phillips and Drew set up one
of the first funds in the UK in
1980 for the UK equity portfolio
of the Mars pension fund, after
tion with the results of Phillips
and Drew'a active management.
But in the autumn, Phillips and
Drew took on more willingly a
second client. volatility. In the U.S. too the ERISA

In the U.S. too the ERISA Tha merchant bank N. M. legislation proved a spur to Rothschild tested out the possi-passive management by requir- bility of running of a U.S. ing pension fund trustees to equity index-matching fund for take into account the latest a client who had complained of developments in portfolio theory in the interests of prudence. Furthermore, the reasons. abolition of minimum stock- One of abolition of minimum stock. One of the reasons for the broking commissions on Wall change in attitude to passive Street in 1975 allowed the index- management has been a grow.

matching funds to carry out the ing awareoess among pension necessary technical adjustments fund trustees that the fees they commissions without ment, altbough low by U.S. in their portfolios at rock-

having to pay for stockbrokers' standards, are higher than the the focus of the marketing quoted percentage figures. This efforts of several U.S.-based but in the last six months is because of the variety of financial consultancy groups several fund management hidden charges that some fund such as Quantee or Barra houses have started actively to managers make-for example, International. They say they promote their index-matching by retaining continuation com-funds. Three of the main High missions or volume discounts about the economy and the Street clearing hanks-Barclay's, Lloyds, and National

Barciay's, Lioyes, and Natonia Westminster (the last through its merchant banking sub-sidiary County Bank)—have become involved. According to Mr Bruce Pullman of County Bank: "We were expecting the marker to have were But when a fund is briefly liquid. The other major reason is of their portfolios through pro-linked to the growing use and sophistication of pension fund performance measurement services. These have tended to show that over the long term of eight to 10 years the total gains) from tha UR equity portion of pension fund portfolios. A few services now on offer is an important division of opinion. A few services performance median-fund has been less which will be precisely in line with that of the index (after market to break next year. But it has happened six months early and we are just in time." At present one major pension fund ia holding a "beauty con-test" to decide which index-matching service abould he awarded a contract to manage well over £50m of its assets. The administrators of the funds that bave so far been set up have not generally been keen to publicise their services too widely. According to Mr Vernon Harris, managing director of Britannia institutionat fund

management which runs a pas-sive "market leaders" fund: "You run the risk that the market will stop looking on you as stock pickers. It knocks tha belief that professional so large that it would be diffi-cult to do any better than the Index. For this reason they implicitly "index" a large part of the fund and actively trade with only a few selected portions. But rarely do they admit openly that they are nnlikely to beat the index. In fact, because of the secrecy surrounding the indivi-dual performance figures of pension funds the managers are frequently able to make unsupported claims to potential new clients about their past performance. On the basis of such claims, they confidently managers can add value by pick-ing shares." Some fund managers have set

such claims, they confidently predict they will outperform the index in future years and will thus earn their fees many times second client. Tha merchant bank N. M. over.

Another widespread plaint is that some fund managers run such diversified portfolios that they are unlikely a client who had complained of erratic performance. But it did not persist for technical to perform very differently from tha index. But because

the managers incur such large dealing expenses through buy-ing and selling shares in the hope of adding value to the fund's performance, the end-ofthe-year figure shows an underperformance.

This complaint has provided

index-matching, Barra International has de-veloped such a programme for the UK market which is the basis of the County Bank service and has also been used by Barclays Bank in the con-struction of its leaner portfolio. The Bankers' Trust also runs an index-matching fund using a programme developed in its

even cheaper, way of matching the index is suggested by the launch this spring of a UK

stock index futures contract by the London International

Financial Futures Exchange.

on stockbrokers' commissions about the economy and the or earning short-term interest stock market ontiook more r earning short-term interest stock market ontlook more then a fund is briefly liquid. accurately into the composition The other major reason is of their partfolios through pro-

of eight to 10 years the total matching services now on one return (income and capital there is an important division gains) from tha UK equity of opinion. A few services portion of pension fund port-folios of the average-or median-fund has been less which will be precisely in line than that from the FT-Actuaries which will be precisely in line with that of the index (after adjusting for dealing expenses) is to hold all the 747 stocks ing for the minimum necessary dealing expenses, tha actuaries index in their correct propor-tions. The U.S. pension con-sultancy Frank Russell, which fund has probably under-performed the index. Many fund managers admit that their funds hava become so large that it would be diffi-cult to do any better than the Index. For this reason they implicitly "index" a large part of the fund and actively trade

expenses low.

Too unwieldly

But the managers of most index-matching services dis-agree. They argue that it is too unwieldly and too costly to have to invest incoming money, reinvest dividends, take up rights issues and adjust the weight-ings of all 748 shares. They also argue that there is no need to make a fetish out of the FTA index by aeeking to match it down to the last 0.1 per cent. Instead they use sophisticated

computer programmes which employ many of tha tenets of modern portfolio theory to select a representative sampla of only 100 to 250 shares and to indicate when adjustments must be made. This, they claim, should be sufficient to ensure that performance comes within I per cent of the index returns over a period of three or four years. And just in case a disaster occurs, and a fund seriously under-performs, a Californian company is offering a low-premium insurance service which will guarantee index-matching,

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Futures

funds bave been confident

to use the market.

MARY ANN SIEGHART

sion funds would be regarded as an investment and would there-fore be exempted from tax. London International Financial Futures Exchange (LIFFE) is now close to 18 months old. Yet it is only for the last two months that pension

This statement caught the funds unawares and some are still waiting for this year's year's Finance Bill to be absolutely sure that they can go ahead.

Participation held back

by tax worries

Many have to change the proenough about their tax position visions in their trust deeds to enable them to use tha mar-A financial futures contract ket. As Mr George Dennis, mem-ber and former chairman of the is a promise to buy or sell a particular financial instrument National Association of Pen-sion Funds' investment commit-(like a gilt or a currency) at a particular time and at a speci-fied price. It works on the same tee, points out, "These instru-ments were not even thought about when the trust deeds were drawn up 20 or 30 years principles as futures in commodifies or gold. Investors can use it for three ago

purposes: hedging, arbitrage and speculation. The hedger will buy or sell a futures con-tract in order to lock into a The truatees bave to be won over, too, but if the first few funds which enter the market in earnest find their ventures successful, it is unlikely that permission for the rest will be ignore. refused. As Mr Dennis says:

"It's a very competitive industry."

A few pension funds have already dipped at least one toe in the water and others are doing duromy runs pretending can sell the equivalent amount of futures contracts. If rates do rise, he will lose mooey on the bonds hut make money on the to take out a contract and watching its performance over a few months to see if the hedging operation works.

Most of the interest so far bas centred on the long gilt contract, which matches up best with the content of pen-sion funds' portfolios. But the scale is small. As Mr Jack Wigglesworth of stockbrokers

Arbitrage opportunities can be tapped between different futures contracts, the same con-W. Greenwell, says: "At the moment they're testing the market-dealing in relatively tract on different exchanges or between a futures contract and its underlying "casb" market. An arbitrageur will take advanlow volume and getting the feel tage of local price differences of it"

by making two transactions In the U.S., where financial which effectively cancel each futures bave been traded for other out but leave him with a much longer, pension funds are small, almost risk-free profit. The speculator, meanwhile, major operators. But as Mr John Gilmour, a director of the can use futures to take a view Chicago Board of Trade (one on different markets. For instance if be thinks interest For of the two main exchanges) sterest says: "It took two or three rates will rise he will sell futures, hoping to buy them hack at a lower price, and vica years to educate the pension funds. They are much more involved now than they were

two years ago." One of the most attractive Of these three uses for finanopportunities in the U.S. for the pension funds has been the cial futures, pension funds are most likely to go for the first. As they are by nature conserstock index futures contracts at the Chicago Mercantile Exchange and the New York vative institutions. the bedging potential that futures offer allows them both to diversify Futures Exchange. These can and, if they use the market right, to reduce their risk. be used to hedge against adverse movements in equities. So far their particination on It also gives them time. For JUFFE has been limited. A clause in the 1983 Finance Bill. instance, if they think the market is going to rise they can buy a futurea contract im-mediately and spread their purwhich would have enabled them buy a future contract im-to hedge with futures without mediately and spread their pur-paying tax on any trading chases of individual shares

profits, fell with the June elec- over a longer period. tion. It was not until Decem-ber of last year that the Chancellor made a statement in Another major advantage is that the transaction costs in futures are much smaller than Parliament to the effect that the use of financial futures by penin their equivalent cash mar-kets. Commissions on the LIFFE gilt contract, for instance, are between £10-£20 per contract for big volume users—much less than in the gift market itself. And only a small proportion of the value of the contract needs to be paid-typically less than 3 per cent-so the gearing

is enormous. LIFFE intends to introduce a stock index contract later this year, based on a new index of 100 stocks complied by the Stock Exchange and the Finan-cial Times. The Exchange expects that ultimately this will is enormous. be the most widely used con-tract for fund managers.

Meanwhile, both the Ex-change and its members are spending time and resources in educating funds in the use of the market. The hope is that the adventurous few will show the others that futures are instruments they cannot afford to

But only very small pension funds will be able to view dealing in of financial futures con-tracts as a realistic substitute for holding the underlying shares, because of liquidity problems. Most of the vendors of passively managed funds stress that they are not seeking to oust active managers. They say that there are sectors of stock markets, both in the UK stock markets, both in the UK and overseas, where shares are not efficiently priced and where an aggressive fund man-ager, backed np by extensive research facilities, can add value by stock-picking. Thus many propose a "core" port-folio covering 50 to 75 per cent of a fund, which will be in-

of a fund, which will be in-dexed, while the zemainder will be farmed out to a few active managers.

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Financial Times Tuesday February 21 1984 PENSION FUND INVESTMENT VIII

Challenge to the free choice of the investor

capitalists. Many on the Tory Right now

money to set no their own business. This last idea, together with another sugges-

tion that tax exemption for individual investments might be restricted to bigh-technology

This is anathema for two reasons. First, company pension

Politics TONY JACKSON

Report seemed to fall in neatly with this view. To the discomfi-ture of the Left, the report concluded that British industry was not on the whole starved of funds under the existing sys-ONE OF the pension world's bottest political potatoes bottest political potatoes at the moment is the forthtem but was instead short of viable projects in which it felt confident enough to invest. coming court case involving the trustees of the Mine-workers' Pension Fund -The abolition of exchange controls, ton, came as apparent confirmation of the free marand the National Union of Mineworkers president Mr Arthur ket principle. Tentatively at first, then with growing confi-dence, fund managers began to Scargill in particular. Mr Scar-gill is using the courts to

eill challenge the traditional free-dom of the pension fund manager to invest as he thinks fit and is opposing certain classes of investment on doc-trinal grounde

Centre for Policy Studies, the Right-wing think tank, of its

in the late 1970s, before the advent of the Thatcher Governmeot, the political aspects of investment meant only one thing-attempts by the Left wing of the Labour party, and wing of the Labour party, and the TUC, to lay bands on the huge and growing assets of the pension funds and channel them into planned areas of the economy. The pension profes-sionals were having none of it. In their own minds their role was clear-to achieve the highest possible return on the assets entrusted to them in the assets and the state this was only the

When institutions need to show muscle

Shareholders' role RAY MAUGHAN

FOR MUCH of this decade

remain a loose-knit ad hoc Pru who stood up at Rank group, at what point, if any, Organisation to welcome the does their collaboration consti- management changes unveiled tute a concert party? at the office equipment and The most overt example of leisure group's annual meeting institutional muscle is the con-institutional muscle is the con-sortium bid. Their success rate has been mixed but in the lead-ing instances the funds have relied on the vision and resolve of someone outside their ranks to get things started and to keep pushing to their conclusion.

failure.

siderations to affect their in-vestment decisions would be a breach of their obligations. The findings of the Wilson Report seemed to fall in neatly with this view. To the discomfiturous use of the funds and smack not of fund members were not encour-aged to think of themselves as Hence, probal

aged to think of themselves as Hence, probably, their degree independent property-owning of sympathy with Mr Scargili, whose objections to investment overseas or in the oil industry appear to think that individuals should be free to invest their tax-exempt pension entitle-ments wholly at discretion, even to the extent of using the are presented as being in the interests of preserving miners interests or pression of the jobs. This extension of the fund's responsibility - from those retired to include those in work - is unorthodox, but makes more sense to the pen-sions industry now that it has been presented with right wing alternatives.

Inconsistency

be restricted to bigh-technology or sunrise industries, carries the implication thet some sections of the Tory Right might in some ways be moving full circle to join the Labour Left. Clearly the lure of over £100bn of pension fund assets is a powerful one; even the purest exponents of the free market economy are tempted to channel those assets towards freedom in a planned way. Caught between two political The local authority pension funds are, in fact, already undertaking initiatives of their own in this respect. Several have begun to allocate a por-tion of their funds for venture enrich protecte ar sould interest. capital projects or equity invest-ment within their own areas. The investment criteria extend beyond traditional return to include job creation, through the enterprise board concept.

Caught between two political extremes the pensions industry is becoming uneasily aware that its position is not as ideologically simple as it used Beyond the question of employment, though, Mr Scaremployment, though, ar Scar-gill and others on the Left wing are strongly opposed to over-seas investment in principle. On this broader front persion fund managers cease to feel sym-pathy. There is, indeed, a degree of inconsistency in the Lefte asymmetry it is chaimed to think. In particular the industry cannot bring itself to accept the proposition, held in some sections of the Tory Party, that people should be free not only to invest their Left's arguments; It is claimed that investment in the seconown money as they think fit but also to invest unwisely and dary market in UK equities denies UK companies direct access to the funds invested and simultaneously that secontake the full consequences of dary market investment in Japanese or U.S. equities is helping UK industry's compeschemes retain a strong whiff of paternalism, aided by the fact that for an employer to set up a pension fund is still a voluntary act, not enforced titors.

At any rate overseas investment by pension funds has continued apace, though slowing down in the past six months or so as funds have approached a target weighting of 15-20 per a target weighing of 13-20 per cent of assets overseas. Last October, too, the local authority pension funds, which were pre-viously tightly restricted in the amounts which could be invested outside the UK, were given official sanction to deploy their funds at will.

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To combat this, the TUC places much emphasis on the role of the union-sponsored trustee. In the private sector union trustees are still something of a rarity. But in the nationalised industries it is in-creasingly common for the board of trustees to be com-posed of union and management appointees, often (as in the Mineworkers' Fund) on a

fore following the progress of the Scargill case with close in-terest. If Mr Scargill can

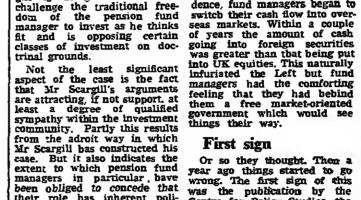
ment overseas.

establish his argument that the

trustees are entitled to take account of considerations other

than traditional investment return, there could be scope for union trustees to take stronger action on such issues as invest-

All that is provided the trustees can be relied on to follow the TUG line. It is some-



managers in particular, bave been obliged to concede that their role has inherent poli-tical implications. It was not always 50. Back

pamphlet on personal and port-able pensions. The pamphlet called for an end to the system of compulsory membership of company pension schemes and urged that employees should have personally identifiable pension entitlements which

was clear-to achieve the extent impractical in its pro-set up a pension tund is suit highest possible return on the posals. But it soon became a voluntary act, not enforced assets entrusted to them, in the apparent that this was only the by law, Secondly those who run context of a free market. They tip of a large and menacing ice- the pensions industry are in were equally clear that this role berg. The Right Wing of the many ways children of the was essentially non-political and Tory party had decided that Welfare State. Their attitudes that to allow political con- the traditional methods of pen-are based on the proposition

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sion fund managers have come to accept the possibility that on certain specific occasions the responsibility of share owner-ship brings with it the power of proprietOrial control. Woolworth was instigated by Mr Victor Blank at Charter-house Japbet and succeeded not

Put another way, company directors are paid by the share-bolders to manage. If that re-lationship is seen to be breakat a stroke. ing down, or faces the threat of breaking down, the owners of the company are empowered

to seek to rectify the relation-sbip. More bluntly, big sbare-holders can remove underper-forming management or block its more controversial actions. It would be wrong to see shareholder power as a potent and permanent new force in corporate Britain. Far from it. Fund managers are just as likely to surrender their nroprietorial powers by selling their sbares.

A glance at the Dunlop share register shows that the Investing institutions responded to severe losses and successive rounds of corporate retrench-ment by voting with their feet. Their place bas been taken by big Far Eastern block holdings nimble, individual opponent in the auction which developed. the auction which developed. Another, more recent, example of the institutionally backed bid is Pressige Group. Here again, the U.S. parent, American Home Products is in a position to deliver control of the kitchenwear manufacturer end had already invited offers for lts 73 per cent. and the myriad small U.S. sbare-holdings which make up the big stake by American Depositary Receipts. An odd state of affairs for a company which. until very recently was an Index constituent for its 73 per cent.

New mood

But times are changing. One of the first illustrations of the new mood was the case of the Marks and Spencer board's bousing arrangements. Public though the affair may have able counk of the equity. But equally important, if somewhat less obvious, is the funds' role in challenging management. Kwik Fit (Tyres and Exhausts) Holdings for example, sought to acquire a property company in which cer-tain of its directors had management control. Laudable though the aim may have been been, the pension funds' action was scarcely indi- ive of the way things were noving. It is one thing for a fund to remind a board, for which it has the deepest respect, that it must "be seen to be on the side of the angels"; it is quite another to seek to wield power at the barshest level by remov-

management course. Laudable though the aim may have been in eliminating any potential conflict of interests as Kwik-Fit built up its property assets, the pension fund objected to the price offered for Crest, the ing directors. When push comes to shove in a company's decline, its owners face many problems when putting up a united front to press for remedies. The sheer property group, and succeeded in securing an amendment of

the offer terms. numbers of important institutions found on a typical register make for a logistical problem! lo a bid from Nottingham Manu facturing, also caught attention when Miller's institutional Another difficulty is the preservation of secrecy within a gossipy, tightly knit financial investors almost all said they would back a new management mmunity. And if, say, institutional pressure is calling for the resignation of the old guard, team rather then take the Not the arrival of fresh manage-ment, proven elsewhere, might be bullish for the share price.

tingham offer accepted by the incumbent board. Again, their opposition centred on price and, for a wihle, Prudential Assurance Are the funds then in receipt wihle, Prudential Assurance of inside information? In cases stood out as the lone institu-where, rather than forming a llonal support for the Miller recognisable entity to pursue a pre-determined path, the funds board's point of view.

pushing to their conclusion. executive. The consortium bid for F. W.

Too unwieldy

Existing management will play a continuing role in the group, however, with option kickers linked to future per-

formance to give them a count able chunk of the equity.

The case of F. Miller, subject

Yet it was the man from the

Willingness

Taking in the institutional opposition to directors' pay-offs at ACC, the independent valua-tions sought by the funds to evaluate any de-merger of Harrods from House of Fraser and their part in the enformed least because the U.S. retailing parent could deliver majority control of its ailing UK offshoot Harroes from House of Fraser and their part in the enforced changes at John Brown, the engineering and contracting group, the funds, it now appears, have properly estab-lished their willingness to get involved in management affairs. Gerald Ronson's offer for UDS Group, backed by several investing luminaries ultimately failed. It is arguable that a technical hitch which delayed the start of the bid for an important handful of days at

the ontset was responsible for thwarting Mr Ronson. UDS was all but defenceles at the beginning and his Bassishaw consortium might well bave taken control but for the delay. By the time UDS had set up some sort of defence and Hanson Trust was on the scene. the consortium proved far too unwieldy to compete against a they be.

times held in the City that the Socialist convictions of union trustees dissolve on first con-tact with a merchant bank's Chabits and smoked salmon. The point that the funds stress, all the same, is that their involvement is focused on particular issues such as hous-ing compensation payments and the like, and the long-term direction of companies. Nobody is suggesting that the funds are remotely concerned with day-to-day management, nor should they be. Chablis and smoked salmon. This is unduly cynical; but it is a fact that union trustees are generally approaching invest-ment for the first time, often late in life. It is asking a good deal to expect them to master the same time question the un-derlying assumptions. The TUC, conscious of this, places much stress on its own training to day management, nor should

task is an uphill one.

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PENSION FUND INVESTMENT IX

Golden goose from Uncle

Rapid growth has not been

many cases -tha

win the husiness on offer in tho

easily overshadows the other players. Nevertheless, the UK merchant banks heve persevered since the late 1970s and bave

undoubtedly made important inroads over the last year or

Baring Brothers, for axample, only picked up \$10m from its first ERISMA client, Inland Steel, contracted in 1980. But

this at least allowed it to re-solve the chicken-and-egg prob-

lem that ERISA funds normally only go to managers with proven ERISMA capabilities. In 1982 Barings felt it appro-

A striking aspect of Barings'

the second year running, sbow-ing an average asset growth of only 8.3 per cent. Venture capital trusts are still

venture capital trusts are sum insignificant in size in relation to tha exempt fund industry but many observers believe they represent its fastest grow-ing area. The most recent arrival is a £7.35m fund langebel last month by Hoars

lannched last month by Hoare Govett and Candover Invest-

ments, geared to financing man-agement buy-outs and unquoted

companies. Pioneers in this field are merchant bankers Lazard Brothers. The Lazard Small

Companies Exempt Fund was launched four years ago, pri-

marily to invest in quoted com-panies worth less than f40m but with an ability to invest up to 10 per cent of the fund in

to 10 per cent of the fund in unquoted companies. Then last May Lazards launched its Ridings Unit Trust, which invests in generally unquoted small companies in the Yorkshire and Humberside

region. Taking its inspiration from local authority enterprise

boards, the trust was expected to attract interest chiefly from

local authority pension funds. However, private sector pension

Lazards followed np tha idea with a Northumbria Unit Trust

unit price increase.

ERISA funds

DUNCAN CAMPBELL-SMITH

NT VIII

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ERISA, for those remote enough from the investment market still to require an introduction, is the name of perhaps the largest overseas golden goose to come the City of London's way for many a long year. Its golden eggs take the shape of U.S. corporate pen-sion schemes available for sion schemes available for international management and from \$7bn in just the past 12 months. international management and international management and international management and ing 40 per cent yet to take the plunge three-quarters thrush

No self-respecting goose would want to be known as that Employee Retirement Income Security Act. But that piece of Security ACL But that piece of U.S. legislation in 1974, which laid down guidelines for cor-porate pension plan administra-tion, undoubtedly helped to stimulate a general review by American companies in the mid-1970s of their funded pension plan investments plan investments.

The ERISA ecronym is therefore as good a description as any for ona major consequence of that review—the phenomenon of buge amounts of money suddenly seeking international management as more and more U.S. pension fund executives accept the logic of diversifying overseas.

The estimated \$11bn so far The estimated \$11bn so far nsed to dealing with diversified marks a tiny 1.4 per national transactions." cent of tha total \$800bn pool of U.S. pension money. Its means big fees for Cha-significance for the City of department is certainly London, though, is underlined ing one of the four ca-first by the rapld rata of growth --probably 50 or so U.S. cor-porations in 1983 joined the 175 yields an attractive spi names already dipping a toe in terms of foreign exchan international waters a year ago ing and currency denosi yields an attractive spin-off in terms of foreign exchange dealinternational waters a year ago ing and currency deposits busi---and secondly by the fact that ness on behalf of the adminis-half-a-dozen UK merchant banks tered accounts.

igure prominently among the small number of managers the only salient feature of 1983-benefiting from the trend. 1984 for Chase in this context,

benefiting from the trend. InterSec Research, the U.S.-based company which makes a study of the investment in-gust completed a survey of the U.S. It discovered that 60 per cent bad already made a com-miltment to an overseas manager and that of these some two-thirds error tasks in this context, for questions bave been raised within the U.S. about the pro-priety of any custodian bank depriving spin-off business in this way. The U.S. Department of Labour has asked for repre-sentations on the matter from the American Bankera Associa-tion, making it what Chase manager and that of these some two-thirds error and that of these some bankers refer to as "a smokey issue." But a good case will no doubt be made for the status quo and it is easy to appreciete the complications of any altertwo-thirds expected to lift the size of their commitment to foreign markets significantly. The average commitment today is 5 per cent and InterSec estinative that required deposit and exchange business, for example, to be handled by third parties. "Administratively." says Grim-sey, "we do think it could be

plunge three-quarters thought they would do so by 1938 and anticipated having about g per cent of their portfolios abroad by then. No wonder InterSec extremely inefficient."

Under eye of SEC A vigilant eye is kept on all ERISA activity by the U.S. authorities, including the SEC (Securities Exchange Commis-sion) and UK-based broker/ dealer remain warw of hy then. No wonder InterSec sees the \$11bn growing to \$16bn this year and perhaps \$22bn In 1985—and as Mr Chris Nowakowski, tha company's president, says, "there is a whole, helluva lot more where that came from" dealers remain very wary of any involvement which could be construed as running con-trary to domestic investment practices. This is true especially of those brokers planning an ex-panded presence in tha U.S., though ther to read surpra of that came from" Probably close to 100 per cent

of the money leaving the U.S. remains under tha administra-tive custody of U.S. commercial banks, most particularly Chase Manhattan. Chase bas based its Global Custody Administra-tion department in Vander though they are well aware of the ERISA phenomenon. "Bnt you cannot just go out aggressively looking for this business if you are a broker," explains Mr James Fergusson, a tion department in London because, as its manager Mr Colin Grimsey explains, "It "It acems the obvious place with a buge pool of qualified staff who

explains for James rergusson, a partner at James Capel and Co which plans to open a New York office in mid-1984, "We are specifically a broker and must be careful not to risk con-fusing this role with that of investment adviser." priate to start pushing far harder for more business and are internationally minded and nsed to dealing with intertoday it has nine fully discre-tionary ERISA accounts worth \$280m Custody of ERISA funds means big fees for Chase-the department is certainly providapproach is that it uses one central policy-making body in Brokers have an added con-sideration, anyway, emphasised by Fergusson in the case of J. ing one of the four core pro-ducts underpinning the bank's London-Barings International Capel itself. The idea of set-ting nn a U.S. fund manage-ment division would be a funda-London profits-and presumably Investment-to decide on the

allocation of funds in the light ment division would be a funda-mental departure for us because it would mean we were com-peting with our own clients in ments as far as possible to its

experts working in the coun-tries of Europe and the Far East. "We believe that on-the-spot stock selection leads omethize we would not do without think-ing very bard about it first." The clients in question are to better investment perform-ances," saye Mr Peter Hartley, BII's managing director, " and gives us a better chance of out-performing the locals at their own market." but the straightforward diffi-culty of achieving a sufficiently imoressive track record at international management to

Rather a different line is taken by Morgan Grenfell, the merchant bank which bas probebly been the most successful in the ERISA field to date. It manages some \$850m on bebalf of 35 U.S. clients and adheres firmly to the principle

U.S. address firmly to the principle Pitching against them are of one centralised management some of the leaders on the U.S. fund management industry, most notably Morgan Guaranty. The latter's London-based inter-national investment division probably now handles almost £24bn of the ERISA funds placed outside the U.S. and stilt is the hank's slightly different estilv overshadows the other ettitude to the currency factor. "Currencies are obviously a moderating influence," says Mr Michael Bullock, managing director of MG Investment Services; "but over time it is stock selection which will really determine performance." Something else distinguishes Morgan Grenfell from Barings

and most of the other UK competitors in their ERISA activities. The latter take on only "EAFE" mandates, for invest-ment of funds in Europe and the Far East. But Morgan Grenfell has a minority of contracts which, being global, allow it to commit funds even to U.S. markets where it thinks fit. It is an intriguing and perhaps not wholly fanciful prospect thet successful ERISA

management within the U.S. as well as other world markets might one day open the door for London's leading fund managers to a ahare of the great bulk of U.S. pension business which is always likely to stay firmly within its domestic markets.

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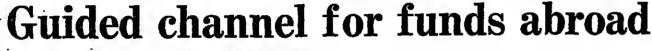
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Exempt trusts WILLIAM DAWKINS

SPECIALISATION is becoming an increasingly important buzz-word among pension fund managers everywhere. It first came into vogue five years ago when the lifting of exchanga controls mada availabla to pension funds

However, the special difficul-ties involved in trading in many overseas stock markets and th highly labour-intensive "hand on" management approach re quired in venture capital in vestments have put these area beyond the reach of all but the largest pension fund manage ments.

One answer to the problem to invest via somebody with experience in such fields by pu chasing units in a tax-exemp unit trust.

Many exempt trusts are ru mada available to pension runds Many exempt trusts are run a wide range of previously un-by merchant banks specifically itspeed overseas opportunities for their small- and medium-and put specialist knowledge of foreign equity markets at a pre-mium. Before controls were abolished well under a tenth of pension Barchaytrust International EXEMPT UNIT TRUSTS

	-as at \$1.12.83 -			-as at 31.12.82	
Type	Number	Size £m	Number	Size £m	
UK equity	30	815	29	606	
European	4	26	n/a	B/R	
Narth American	13	326	15	252	
Far Eastern	19	564	15	304	
International	7	121	7	82	
Fixed interest	4	37	n/a	n/a	
Property UK	21	1,537	20	1,482	
Property overseas	11	438	21/2	л/а	
Mixed .	6	102 Source: The	n/a. Wyatt Company,	n/a London.	

Postel Investment Management Services, the biggest pension fund management group in the country, bandling tha combined f7bn resources of the British Telecom and Post Office pen-behind the rest of the field for the second great market, behind the rest of the field for



PROVIDEN

MUTUAL

funds' cash flow was invested Exempt Fund, for instance, have abroad. The proportion quickly assets of between film and for instance, nave grew to 20 per cent and by Mr John Caine, executive direc-early last year it had crept up to around 30 per cent.

Anecdotal evidence suggests, however, that more recently nomical for small pension funds pension funds have put slightly to invest overseas that way." less emphasis on foreign invest-ments, since many fund man-fund industry's money invested agers have begun to reach their in except trusts, is ting—a mere desired overseas weighting. In 3.5 per cent of the funds' addition, the weakness of ster-ling have limited their sector. ling bas limited their opportunities to buy foreign equities

cheaply. At home, meanwhile, the success of the Unlisted Securi-ties Market, plus the tax incen-tives introduced under the Government's business start-up the proportion of property the proportion of property the property the tax incen-tives introduced the tax incen-tives introduced the tax incen-tives introduced the tax incen-tives business start-up the proportion of property and expansion schemes, have investments beld via unit belped to open up another set trusts, by contrast, is 15 per of investment opportunities, in cent, while the share of Far of investment opportunities, in cent, while the share of Far the venture capital industry. Eastern investments made These factors, assisted by the through unit trusts is almost

poor returns property recently -- which makes up 12 per cent of the average pension fund portfolio --have put increasing pressure on fund managers to cast their wets into hitherto ill-charted or soute. Tha appeal of exempt trusts is not, bowever, necessarily confined to small pension funds with limited research resources. poor returns achieved on 15 per cent; 7⁴ per cent of property recently -- which pension funds' total overseas

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Telecom and Post Office pen-sion funds, keeps around £20m agement, points out: "It is simply cheaper and more ecoin exempt trusts. "In comparative terms that does not look very significant

but we regard it as very im-portant," says Mr George Dennis, Postel's director of securities investments. "Our bold-ings in exempt trusts provida a useful source of competition for

our in-bouse management. It is a good discipline—and we But their importance in pro-viding a vehicle for investment are after all in the performance in specialist areas is underlined by the fact that only a negli-gible share of pension funds' holdings in the UK stock mar-Postel also chooses exempt trusts for areas complementary to its own investment activities. It bandles venture capital in-vestments in financial services

businesses in-house, but leaves mannfacturing venture invest-ments outside fund managers. Pension funds heve always tended to prefer exempt trusts to standard authorised unit trusts, even since 1980 when Capital Gains Tax on authorised

trusts was abolished. The most tangible distinction is that exempt funds' manage-ment charges can be as little as balf those of authorised trusts. Otherwise the differen-ces are more to do with invest-ment philosophy

funds have bought 40 per cent of its units and since its launch the fund has doubled in size to £1.2m, including a 15.5 per cent unit size including a 15.5 per cent

ment philosophy. Because exempt funds tend to be larger, pension fund mana-gers believe that unit prices will be less vulnerable to weak-ness on a wave of selling. Exempt fund managers are also believed to make longer term investment decisions than stan-dard unit trust managers, with the result that there should be less risk of frequent large cash withdrawals

with a Northumbria Unit Trust last September and plans a third regional trust, hased in the North-West, next month. " I am convinced that venture capital will become very much more important for the pension fund industry in the next few years," says Mr Anthony Puckridge, the Lazards director in charge of regional trusts. withdrawals. In line with their specialist function the most popular investment area for exempt

funds last year was Japan and the Far East, where total assets grew by 85 per cent in sterling terms and five new trusts were started.

Puckridge, the Lazards director in charge of regional trusts. Meanwhile, the possible advent of portable pensions mey open np tha opportunity for substantial growth in index-linked trusts as roving employees seek to bedge at least part of their pension portfolio against future risee in the inflation rate. started. The best single performance came from the 285.4m Edin-burgb Exempt Japan trust, which scored a 72.8 per cent asset growth in the year to December, well ahead of the biggest exempt fund in the region, the £236.9m Fleming Japanese Exempt, which grew the inflation rate. The first index linked exempt trusts to heve been launched

is another Lazards vehicle, the Lazards Index Linked Mortgage Japanese Exempt, which grew by 54.6 per cent, putting it roughly in the middle of the exempt funds' Far Eastern Unit Trust (Lilmut), which invests in index linked residential and commercial mortgages and promises a 4 per cent asset race.

On average the Far Eastern trusts beat the Tokyo New Stock return over inflation, against 3 Exchange Index by well over 10 per centage points, while all other classes of exempt fund performed more or less in line with their respective indices. Japan's popularity appears to have been at the expense of the U.S. as pension fund managers

per cent real for gilts. Since its arrival two years ago Lilmut bas had a lukewarm reception from fund managers and its assets have remained broadly static at just over £5m. But come the first rash of portable pensions and any upward blip in the inflation

rate, and Lilmut and index-linking may become the next took profits on the strong dollar and moved to the undervalued yen, motivated by long-term optimism over tha Japanese buzz-words in pension fund management circles.

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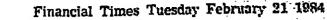
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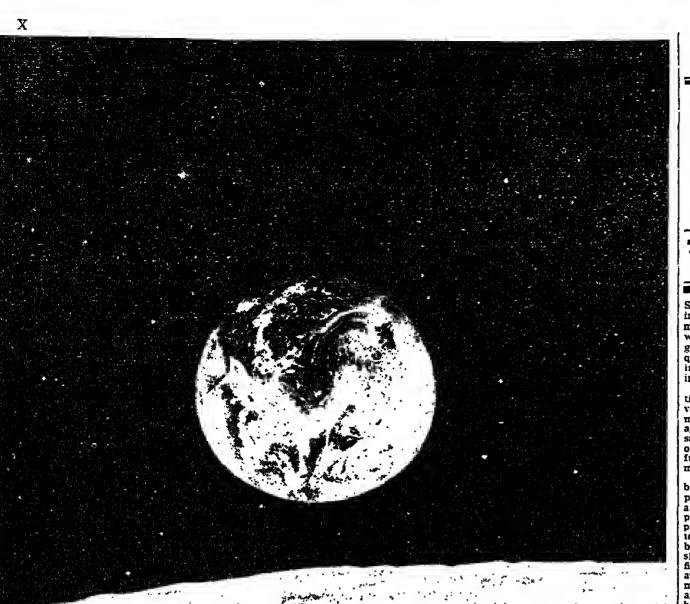
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PENSION FUND INVESTMENT X

Small 'boutiques' move into the \$900bn market

The U.S. scene WILLIAM HALL

SCARCELY A month goes by in the U.S. investment management community these days without the news of another group of investment managers quitting a major U.S. financial institution to set up their own investment "boutique." They travel under various tilles — money managers, in-vesiment advisers, portfolio managers, pension fund man-

managers. Dut they all share the same objective — to win a slice of the \$900bn of U.S. pension fund money which has 10 be managed. Traditionally, this money has been managed by the trust de-partments of major U.S. banks partments of major U.S. banks and the big insurance com-panies. But lately a growing portion has been handed over to new firms, which often only boast a handful of professional staff. The new entrants to the field promise their clients above

average performance for the money liev are given to manage and this siren song is beginning to affect even the most conservative of the trustees who are charged with ensuring that the pension fund billions are wisely invested.

Investment advisers in the U.S. normally charge anywhere between one half of one per cen1 and 1 per cent per annum of the lotal assets managed for their services. On this basis U.S. pension fund advisers stand to generate up to \$9bn a year in fee income and for the new investment "boutiques," often operating from small offices in the suburbs of America's major cities, the chance of winning the management of even a few hundred million dollars of U.S., pension fund money offers rich

pension fund money offers rich pickings. Unlike the traditional U.S. pension fund managers who have to support large staffs and operate from expensive offices in the financial district, the new generation of "investment boutiques" have small over-heads, requiring little more than a telephone and a few professionals who resolutely formance. In other words, if the fund managers had arbitrarily placed ail their money in a cross sec-tion of slocks, they would bave done belter than they did using sophisticated techniques. The Federal Reserve Bank of Boston article also found that not only had the pension funds per-

Scotland

bers of its international invest-ment management team in London quit to join a new unit being established by American Express, Morgan is planning to spin off its investment advisory staff into a new unit. The aim is to make the new operation more flexible and responsive to the changing operating a separate unit. More interest by fund trustees

MARK MEREDITH investment trusts in recent advantages of the years partly as a prolection in "boutiques" while retaining

Monitoring

Federal Reserve Bank of Bos-

believe they can outperform the formed poorly compared to the environment. Chemical obvi-rest of the berd. market average but that they ously believes that by setting The combination of limited had also achieved significantly up an operation which does not absence of any serious legal obstacles to entry into the U.S. pension fund management busi-ness has led to a veritable explosion in the numbers of firms odvising U.S. pension funds. The U.S. Securities and Exchange Commission (SEC) has close to 7,000 firms advisers and more than 1,200 new firms bave filed for registra-tion funds and the security and the security of the security and the security and the security of the security and the security of the secur

The combination of pool per-formance over the years by the U.S. pension funds plus the emergence of a new breed of financial consultant who moni-tors the performance of indivi-dual investment managers has new firms bave filed for registra-tion since 1980. Although no accurate statistics are kept, Ihese figures give an ideo of the growth in numbers of investment advisers recently. The vast bulk of them have been set up dual investment managers has led to the pension funds of both the private and public sectors becoming much more mobile in their choire of investment to attack the U.S. pension fund management market. advice. Gone are the days when a major U.S. corporation would The prime reason for the success to date of these invest-ment "bounques" is that they are playing on the pensian funds' desirc lo outperform the a major U.S. corporation would hand over the management of its employees pension fund to a major bank and forget about it. These days corporate pen-sion funds tend to be solit up among dozens of Individual advices in source cases with one funds desire to outperform the market. At a personal level, salaries of many employees in the industry are linked to per-formance of the assets under management and this has led to increasing scrutiny of even among dozens of Individual advisers in some cases, with onc adviser's performance being measured against another. In-creasingly, the big corporations are parcelling out cbunks of their pension funds to the newer investment "boutiques" which have demonstrated above short-term performance figures. A. G. Becker, the U.S. brokerage firm that monitors the performance of 3,500 U.S. pension funds has consistently found that pension funds in its average performance.

Such firms gain a sort of "star" status which is enhanced by pension funds' willingness to switch advisers to whichever firm has done best in the last sample produce lower returns than other investors achieve. According to an article in the summer 1983 issue of the quarler. At the same time the task of switch advisers is made lon's economic review, the equity performance of the Becker sample of pension funds earned a median annual return of 7,8 per rent over the 20 years to 1982, compared with more easy by the existence of "masler truslee" companies which take care of all the administration of pension fund asse15. an annual return of 8.3 per cent for the Slandard and Poor's

while the major U.S. banks and insurance companies still account for the bulk of U.S. pension fund management, the index of 500 stocks, a common benchmark for investment perappearance of the latest genera-tion of investment "boutiques" has led several of them to revamp their operations.

Morgan Guaranty, one of the major players in the game, bas suffered from defections from its investment advisory staff like other major institutions. Earlier this year several mem-bers of its international invest-

into fund management, Pension fund management Morgan, like others, bopes to has been taken on board by be able to offer the aort of investment trusts in recent advantages of the small record.

However, several major insur-

T

ance companies have been quietly buying up established U.S. investment management firms. Indeed in Boston, onc of the biggest centres for investment management in the U.S. most of the major local firms are now subsidiarics of other institutions. New York's Mctropolitan Life recently bought State Street Research and Management, Shearson Ameri-can Express bought the Boston Company; Sun Life Assurance of Canada bought Massachusetts of Canada bought Massacousens Financial Services ond New England Life is the majority owner of Loomis, Sayles. These firms continue to operate as Independent pension fund advisers and give their owners a stake in the fast-growing U.S. pension fund advisory business in addition to their in-house nsion fund advisory activities

Love affair

The batle between the estab-lished big pension fund man-agers in the U.S. and the newer investment "boutiques" will continue to be fought for some years to come. However, there are a number of straws in the wind that suggest that the pen-sion funds' "love affair" with the new "boutiques" may be beginning to fade. The recent shakeout in the U.S. stock market has bit many of the high performance sbares favoured by personmance soares lavoured by the "boutique" advisors as op-posed to the less glamorous "blue chip" shares which tend to be the mainstay of the big

institutional advisers. Nohing succeeds like success in the U.S. pension fund man-agement business and the re-cent sharp setback in U.S. share prices has dentied quite a few reputations among the high-flying investment "boutiques." U.S. pension funds are begin-ning to wonder whether their pursuit of short-term perform-ance might not he better tem-pered by a longer term per-spective. They are conscious that while they can criticise the track record of the big oension fund advisers some of the new firms do not even have a track

The second reason wby the current fad for investment adboutiques

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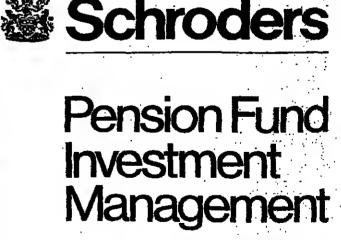
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ONLY LATE in the day have Scottish financial institutions border who from time to time bave taken advantage of the large discount rales for some started to make an impact in the field of British pension fund trusts to buy in and force the unitisation, making a healthy profit on subsequent sale. But fund managers such as Ivory and Sime and Murray management. Scotland provides but a frac-tion of the money flowing into pension funds but changes in the marketplace and among the financial institutions themselves Jobnstone have reduced or eliminated their discounts have recently made Scotland more attractive to fund trustees. partly through specialisation and used their accumulated Furthermore, over the past few years international pension expertise as a marketing tool funds have started to flow through Scotland especially from the United States where to bring in pension fund business. Dr Walter Scott left Ivory and Sime to set up his partnerthere is a greater readiness to accept regional financial centres. ship a year ago to specialise in This in turn bas added to the growing diversity of the finan-cial sector north of the border pension funds alone. "All of my clients are south of the border." he noted. But Edinburgh's geographical location away from London bas not influenced the success or failure of funds in in Britain. Scotland, nevertheless. is well Scotland, nevertheless. IS Well down the league in handling the over £100bn in pension funds in the UK. Of the internally managed. in-house pension funds which account for 31 per cent of the market, only two large companies. Distillers Scotland, he said. However, the vast majority of business is still in the City of London. It is bere the invest-ment trusts or insurance houses find themelves at the now well-established "beauty conlests" and Coats Patons, are resident with other conlenders for new in Scotland. in Scotland. The small cluster of indepen-dent merchant banks bave made little impact where their coi-leagues in the South control another 31 per cent of the funds. Stockbrokers have about fund management. "Being out of London has an advantage as we offer pen-sion funds a long-term view of a portfolio with low turnover of stocks and not too much dayaunts, successforcers have about 12 per cent of the national market but the proportion of this based in Scotland is negligible. to-day jobbing," said Mr Giles Weaver of Ivory and Sime. Mr David Berridge, general manager of Scotlish Equitable. said that about 90 per rent of Making the running his life assurance society's pen-sion fund business was based It is in the life insurance, independent fund management and, to a lesser extent, in the banking sectors where Scollard in England. The Equilable, un-like Scottish Amicable and Standard Life, has pushed at has made the running. According to one estimate of the £33bn pension funds mansged by the banking sector, the British Linen Bank sub-sidiary of the Bank of Scotland. the medium-size company pension market. The Scottish market may benefit for the change under way in the London market place. With only two large in-bouse pension funds originating in the Royal Bank of Scotland and the Clydesdale Bank control about fibn between them, less Scotland the bulk of accounts are from the local authorities. These, too, have tended to be plared with London brokers than 3 per cent of the total. The Scottish insurance insti-tutions make up for the weakalthough the scene may now start to change. Murray Johnstone in Glasgow nesses in other areas with belween 15 and 20 per renl of the £9bn pension funds managed has taken over balf of the 2800m Strathclyde Region Penby this sector. Scotlish Amle-able's Scampi scheme along wilh Scotlish Widows and sion Fund account, a significant breakaway from tradition and other Scottish regions are Standard Life have been the front-runners for large fund examining their need for centring activity in London. The other indicator of the The most recent force in the real pension fund market has been the independent investment trusts which have over 10 per cent of the £13bn pensioo funds strength of pension funds in Scotland is the presence of the stockbroking firm of Wood Mackenzie and its pension fund looked after by these institu- servire. tions in the UK. The s The service is a performance Ivory and Sime with £750m. Murray Johnstone with £500m. Walter Scott and Partners with measurement system for UK funds providing individual commentaries, comparative reports and other data from its Edin-burgh-based computers. £300m and Baille Gifford with fi30m have pushed an increas-

the face of predatory raids from merchant banks south of lhe strengths of the large firms. Most of the big U.S. pension fund managers have been reorganising themselves to take advantage of the growth oppor-tunities in the pension field and also to counter the challenge of the investment "boutques." Chemical Bank, for example, has renamed its investment management operation as Favia Hill and Associates. Bankers

beginning to wane is that an increasing proportion of U.S. cension fund money is going firm as are conscious that their image as " big and stodgy institutions " does not help them compete in today's performance-orientated ional "investment bontiques."

into overseas stock markets and the sort of infrastructure needed to support an inter-national investment advisory opposed to a purely domestic form is considerably large. The expenses are con-siderably higher and the risks of dabbling in overscas markets with limited access to research material are likely to dampen the enthusiasm for internat-



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PENSION FUND INVESTMENT XI

Barry Riley looks at the pioneering work of Rank Xerox Testing a new strategy

A LITTLE more than a year ago Rank Xerox surprised the pension fund world by making a commitment to inflation-proof not only the pensions of its re-tired workers, but also the de-ferred pensions of early leavers. The £210m scheme has also made other pioneering moves, notably in its decision to pro-vide every scheme member with a detailed personal statement of

we

benefits every year. RX's chairman, Mr Hamish Orr-Ewing, is also chairman of Orr-Ewing, is also chairman of the management committee. "We have always perceived tha pension scheme as an integral part of the company's activi-ties," he says. Because of the young age structure of the workforce and the high profit-ability of the company. RX had "a unique opportunity" to set high goals for its scheme, which was started in 1971. was started in 1971.

Enlightened

Inevitably, it is an expensive scheme. At one time the total funding rate reached 281 per cent, although this has fallen a little to 24 per cent, with 19 a little to 24 per cent, with 19 per cent from the company. This is generous, though Mr Orr-Ewing points out that it is enlightened self-interest as far as RX is concerned. The availability of inflation-proofed benefits has made it easier for the company to reduce

easier for the company to rentrary its workforce through voluntary early reitrement. While there could be a danger that key employees—which the company conto be a danger that key employees—which the company wished to retain—might also leave more readily. Mr Orr-Ewing believes that "competi-tive excellence" in pension schemes is an important factor in attracting and retaining the right people.

1 A. S. S. S.

Not surprisingly, Rank Xenox is progressive in its investment policy as well as in its benefit structure. In recent years the scheme has broken away from tha traditional UK approach, and adopted a system which is prominiscent of moder miniscent modern of American practice,

Mr Hamish Orr-Ewing, chairman of Rank Xerox: commitment to inflation-proof pensions

THE PORTFOLIO					
Manager	Market va he (as at 31.2.83)				
Grieveson Grant	£49.0m	First fund—gilt-edged Second fund—overseas equities			
Ivory & Sime	£24.6m	Equities-overseas bias			
De Zoete & Bevan	£23.9m	Equities-overseas bias			
Fidelity Intl	£7.6m	UK equities			
Warburg	£7.1m	UK equities			
Throgmorton	£3.3m	Equities-small companies			

part of 1982. One original fund Thomas, the RX financial execu-manager stockbroker Grieveson tive who heads the pension American practice. Although RX is the subsidiary of an American multinational, it insists that it was its own hired along with the independ-decision to bring in Frank Russell International as invest-ment consultant in 1981. "We decided that £40m to followed a fundamental for the fundamental Grant, was retained but Roths-child was dropped, and another scheme's investment committee.

There followed a fundamental £50m was as much as a manager The Rank Xerox scheme review of strategy in the early ought to have," says Mr Gary therefore moved in the direction

Why the retreat is carried

out on tip-toe

Thomas. But he emphasizes that "it's absolutely vital to know who is going to manage the portfolio on a day-to-day hesis" As well as the security mar-ket advisers, RX has appointed Richard Elks to advise on direct property investment, which accounts for about 10 per cent of the portfolio. The overall result of the various management appoint ments has been to leave the fund with a fairly aggressive portfolio. As at last March only 14 per cent was in gilts,

of more specialised investment advice, with each manager being given a detailed hrief and a specific performance target. The

general objective is to beat the FT-Actuaries All-Share Index.

"We aim to appear in the second quartile of the Wood Mackenzie service," says Mr Thomas. However, the investment com-mittee also decided to underpin

the performance by setting up an indexed core portfolio. This contains half the UK equities,

about 20 per cent of the fund as a whole. It is operated on a

computerised basis by Frank Russell, and has performed within a permitted divergence

of a quarter of a percentage point form the All-Share.

point form the All-Share. In addition, RX has brought in Warburg — insisting on a special equity orientation which was different from the beak's normal balanced approach — and put a modest amount of money with Throgmorton a successful specialist in small company investment.

Interviewing

and as much as 29 per cent in overseas equities, well above the average The new strategy has been in force for less than 18 months. Rank Xerox will judge the success or failure of its approach over a period of three to five years. But so far the investment committee is pleased with the outcome.

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MANAGE **TOP PENSION FUNDS ГОО.**

All this has involved the investment committee in a lot of interviewing of prospective managers. "In some places you reckon you will get what the system gives you. In others it depends on the individual manager," observes Gary

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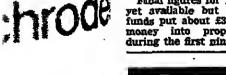
Property Investment

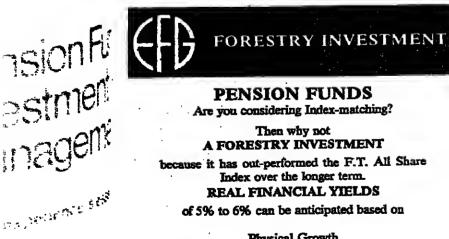
MICHAEL CASSELL

COMMERCIAL property as an investment has fallen beavily from grace. When, and if, it can ever regain its popularity is a question currently exercising the minds of most fund managers and not a few property developers.

In the last twelve months the funds' view of property and Its ability to produce comparatively attractive returns has been starkly underlined by the level of new resources they have committed to a sector which a short while ago appeared to be everybody's sweetheart.

Final figures for 1983 are not yet available but the pension funds put about £360m of new money into property assets





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the year, compared to £635m in other investments is being the corresponding period of shown by a variety of indices 1982 and an even higher figure produced by the property in-

in 1982 and an even higher figure in 1983. Most of the big pension funds bave slashed their exposure to property as a previously land-to one in which the tenant in-wariably holds the numer hand. variably holds the npper hand, sector in 1982-83 was a miser-Confidence bas been signific able 3.9 per cent. The yield antly undermined.

For sizeable chunks of the the previous twelve months, property market real rental over 17 per cent in the year before that and 21 per cent in growth has been non-existent before to while capital values-the other 1979-80. Property, as every investor is important element in the pro-perty investment package-have quick to point out, is a long-term business and Ellis reinstagnated or fallen back.

forces the point hy emphasising that the annualised return over With no guaranteed allegiance to continued property in-vestment — though with buge bistoric commitments in the the four-year period up until 1983 was 13.5 per cent, almost 2 per cent ahead of the retail sector - the funds have been price index for the same period. So an overall real return may have been achieved, though performing a delicately orches-trated retreat; the least said, the better, for fear of bringing down hardly on the scale seen in the recent past and well below the the bouse of cards.

Indices

returns on other forms of in-vestment such as UK equities (18.5 per cent), U.S. equities money into property assets Just how badly property has during the first nine months of been performing in relation to (19.5 per cent) and cash (15.1

per cent). But if property is cyclical, must not such weak patches surely be expected, tolerated and seen on their way as quickly as possible? What, however, if the ground rules have changed and all the old conventions and expectations upon which property invest-ment was based no longer necessarily apply? Is property investment a

necessarily apply? Is property investment a better or worse deal when infla-tion is low end likely to stay so and can it ever again be expected to perform as it has done in the past? As one experienced developer who lived through the kolocanst of early 1970s puts it: "The whole thing has been turned upside down and an uncomfortably large number of people with uncomfortably large volumes of money in property do not seem tion. money in property do not seem to have fully latched on.

"In an era of high inflation, and negative interest rates, the property investment market saw more than proportional increases in asset values. Now we have low inflation, low growth and high real interest rates.

Doubts on growth "There is no reason to assume

property values will expand any faster than the values of any other investment and there is no merit in expanding property interests for expan-sion's sake. With positive interest rates, there has to be genuine growth to justily con-tinuing investment. That is not there in most cases and the Coal B prospect of growth at the taking levels which justify present larger yields remains far from certain. trusts.

years.

"A great deal of current development in the office sec-tor, for example, is dependent on the institutions continuing to forward fund at 5 or 6 per cent. But where are the tenants going to come from ? The inflation rate is irrelevant, a real return is vital" That yields for most types

of property have not risen further does look puzzling, particularly when the prospects for a comparatively weak overall market still persist. The compares with 12.7 per cent in suspicion is that funds are buy

ing as they bought in the past and assuming that the future holds no surprises.

The whole question of yields has come under the microscope over the last 18 months and a small but vociferous minority (in public at least) have raised doubts about their accuracy. Not least is the question of de-preciation and obsolescence of property, which some say must now he taken ioto account hefore returns can be meaning-fully compared with alternative

Important question

The question of ageing property, particularly in the office sector, is one of the most im-portant overbanging the entire property market and a subject which the investing institutions will ignore at their peril. It is significant that the overwhelming proportion of new money being put into property by the developments but an increasing proportion of the portfolios which provide the legacy from their earlier spending pro-grammes now demand atten-tion

Tenants' expectations in terms of quality and efficiency of accommodation have rocketed in the last few years and the shortcomings of older proper-ties can now rarely he over-looked in a market where floorspace outpaces demand and where inflation cannot be expected to save tha day.

There are already clear signs of a polarisation in terms of per-formance between the old and the new and funds with a substantial proportion of older property should have po prob-lems in finding suitable cases

for treatment over the next few

Any further investment funds available to the property mar-ket might well pay increasing attention to the prospects of acquisitions overseas. Not Not every pension fund has the resources or the management expertise, bowever, to follow in the footsteps of the National Coal Board and spend £86m on taking over one of America's larger real estate investmen

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it can be used as a last resort to make a point in the face of

obdurate management. The problem is that invest-ment institutions are not typic-ally well placed to diagnose the failings of management and to provide solutions. Technical mattare such as a failure to

matters, such as a failure to fulfil Stock Exchange listing requirements, are one thing. In-competence is another.

competence is another. Mr Quartano much admires the industrial role which has been taken on by the Bank of England, under which it has overseen the reorganisation or reconstruction of a number of important companies in recent

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XII

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Richard Lambert on the philosophy of Postel Trustees play vital role in policy

skilled investment managers can perform better than the

erd-hut only up to a point. There is enough forecasting

MR RALPH QUARTANO has a index-linked stock.

problem. As chief executive of Postel Investment Management, blich looks after both the Post and the share portfolio is fur-Office and the British Telecom-munications Staff Superannuaion Schemes, he has to find a tome for around £3m of net new mnney every working day of the year. Funds under manigement come to around fibn, and since the schemes are a long way short of maturity, this pool of new money will continue to expand for a long Mr Quartano is not a great heliever in the magic of invest-ment management. He says there is evidence to show that time to come.

The task was made more com-plicated last year when the fund was split intn two. This re-Bected British Telecom's wish to make a clean break with the past and it brought a great deal of extra paperwork for Postel's staff — unchanged in numbers with a total complement of 91

with a total complement of si people. The structure of the organis-ation is built around the role of the two sets of trustees, who have overall responsibility fur the funds. They meet monthly and Mr Quartann stresses the importance of their involve-ment in policy decisions.

Each group of trustees is split evenly hetween management and union representatives, with an independent chairman. Con-

targets, based on the volatility of the shares they select rela-tive to the market as a whole. Because they take higher risks are union re union members. Some of the union trustees have a very detailed knowledge of the pensions husiness, he says, and overall they bring a view which is independent of the City — "a great benefit." The only constraint imposed on the fund managers is a ban on investment in South African registered companies—an issue of inviolable principle for the union trustees and "a matter of prudence" for the others. The key trustees' meetings take place in November, when the overall objectives of the funds are established in terms of the desired risk, return and quality of underlying invest-ments, Guidelines are also given about the way the assets should be split among equities, property, fixed income and

establish and has now been in Roughly half the 17bn is place for about three years. The and the share portfolio is fur-ther divided into two sections that luck may have played a --the core portfolio, which part. The main virtue of this accounts for around 85 per cent, approach in Posiel's erec have ment. In the old days managers were given a great splodge of assets and would often mess or assets and would offen mess around on the margin, switch-ing shares with no clear goal in view. "Now." says Mr Quar-tano. "I know exactly what

people are doing." Another advantage is that it makes the trustees aware of the risks involved in different inrestment strategies. Twice a year, in April and October, the main business of their monthly meetings includes an overall re-"There is enough forecasting skill around to make a return if you use it skilfully. There is a very small grain of skill surrounded by the noise of general market movements, which makes it worth putting some money in a discretionary portfulio." view of portfolio risk. The bulk of Postel's funds are

PENSION FUND INVESTMENT XII

The bulk of Postel's funds are managed in-house but well over fibn is managed by outsiders. notably Warburg, Schroder and Morgan Grenfell. This is in part a relic of the early days when the Post Office had no fund managers of its nwn. But it is also regarded as a useful way of huying in complemen-tary skills and it helps perform-ance measurement hy providing a competitive environment. Around a fifth of the equity

portfolio is invested overseas-the removal of exchange controls has not made much differ-ence to fuods which have long had a sizeable exposure to international markets. There is only a minute investment in

veoture capital operations. Harsh experieoce has taught Postel that it does not have the time or skills to jovest directly in this area and it prefers in-stead to hold shares in specialist funds. Between a fifth and a quarter

of the overall portfolios are invested in property, rather less than at the peak of the market. The overall value of the properties was marked down somewhat last year, a more conservative treatment than that used by some funds. Postel looks after substantial

property investments in North America and also in Continental Europe, the home of one of the

Solid base to funds topping £100bn

scope to allow more opportunity for individuals it will hurt the merchant banks and favour the insurance companies and unit trust groups which are experi-



Mr Ralph Quartano, chief executive of Postel Investment Management. His task is to find a home for £3m of new money every working day

funds' best known investments —Centre d'Affaires Le Lonvre, in Paris. This investment—or to be more precise the way that it has been reported in the Press—is a subject which sends Mr Quartano into an uncharac-teristic splutter of rage. Con-trary to several reports, it has been a very successful develop-ment, with a number of high elass tenants (including the Financial Times, no less).

Specialists

The property department is made up of around 15 people, hacked up by a number of out-side advisers. Apart from the conventional commercial pro-perties, the department looks after some 12,000 acres of farm-land in Hampebire and Wiltland in Hampshire and Wiltshire

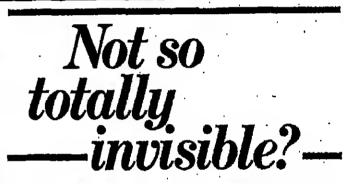
snire. Elsewhere, another depart-ment manages bonds and index-linked gilts (the latter now represent nearly a tenth of the total portfolio). There are also a few money market specialists, responsible for sterling and foreign currency deposits and supervising a money book which may range from around £150m

to £200m. Postel's distinctive investment

management style has been evident in the number of cases during recent years in which it has intervened in the affairs of companies where it is a sharecompanies where it is a share-holder. It played an important part in the changes at ICL and the Rank Organisation and it has not been afraid to come into the public eye. This has been most obvious, perhaps, in the messy affair of Associated Com-munication Corporation, when the funds sought an injunction to hlock a golden handshake payment—and more recently when Postel hrought pressure on Marks and Spencer to dis-

on Marks and Spencer to dis-close a series of property deals arranged for the benefit of

years. But in more every-day circumstances, he admits, "the only recourse I have is to live with the board structure we directors. In the light of this record Mr Quartano's views about the role of institutional shareholders are already know and to thy to improve it hy beefing up the non-executive directors and supsurprisingly hesitant. He is less enthusiastic than he used to be about developing the annual porting them through audit committees, directors' remunermeeting into a proper forum; committees, directo it's not the best place to seek ation committee information, he says, although and so on."



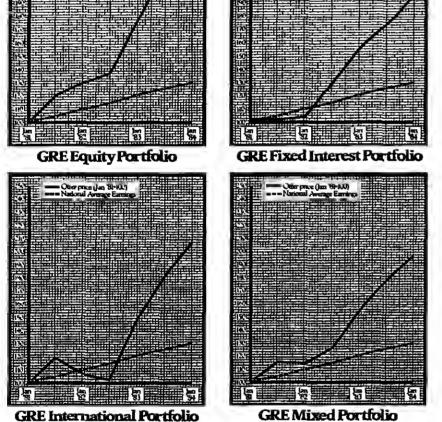
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Core portfolio Based on this philosophy, the core portfolio is designed to match as closely as possible the performance of the FT-Actuaries All-Share Index. The Actiants All-Share Index. Inte managers—there are only three of them—have to exercise skills in dealing and timing but not in fundamental analysis. an independent charman con-trary to received opinion in the City of London, Mr Quartano is enthusiastic about union repre-sentation. Just about all the employees of both corporations Managers of the discretionary portfolio are set specific risk

Because they take higher risks they are expected to heat the All-Share by a handsome margin. Among other things, they are allowed to go short by selling shares in the core portfolio. They expect to use the planned LIFFE equity con-

the planned LIFFE equity con-tract, although they have not traded in the options market. The theory is that fund managers should ask them-selves to identify those areas where they have reason to think they are especially smart and those where they are just ordinarily competent. In the latter category, which is by definition the blggest, they should not attempt to do any better than everyone else. The system took some time to

and discretionary investmeets which make up the rest. This approach is based on a concept of market risk which Postel has developed in conjunction with the London Business School. An engineer hy hackground,



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ment market away from the establishment banks has a lot Savings market. further to go in the UK. The There is more American trend has been to-wards the splitting of funds between a number of different managers, not just to introduce competition between them but also to allow the introduction of markedly different styles of management. There could be big opportunities in the future for small teams of investment managers

CONTINUED FROM

PAGE ONE

who can demonstrate not only expertise in running portfolios but also have the ability to market themselves to new clients and maintain good work-ing relationships with existing

At the same time some of the hlg U.S. financial groups are building up their portfollo managemeot capabilities in Loodon and while most of this is directed towards attracting international money for global

ones

international money for glohal management one or two, like Fidelity, are also eyeing the domestic pension fund market. Two other developments could have major implications for the established operators in UK pension fund manage-ment. One is the process of deregulation at the Loodon Stock Exchange, which is likely in lead to the abandonment of fixed scales of commission within 18 months or two years.

Commissions

This will, of course, affect stockbroking firms which at present in most cases charge no direct fees but rely on deal-ing commissions. When com-missions become negotiable, it seems inevitable that they will have to go over to some kind of normal fee-charging basis and indeed the whole relation-ship of the fund management departments with their parent firms may have to be rethought. It will also cause a reassess-

ment at the merchant banks, which at present in most cases take the henefit of commission differentials when they deal for a number of client funds in the a number of client funds in the same shares. They are likely to have to raise their direct fees, something to which the independent management bouses and the insurance com-panies look forward with satis-faction. The other potential upheaval in the offing would result from any significant swing towards persocal pension plans at the ex-pense of the big occupational

pense of the big occupational schemes. Right-wing pressure for greater individoal freedom has led to the setting up of an inquiry by Mr Norman Fowler, Secretary of State for Health and Social Security.

Few expect the wholesale dis-memberment of existing occupational schemes. But to the extent that they are cut down

enced at operating in the retain There is more than just a hin: of change in the air. The pen-sion fund management industry must have looked with some mis givings at the plan just an-nounced by the British Airways pension scheme to offer a cash rebate to staff in exchange for a reduction in benefits (which are admittedly extremely generous in relation to those ni normal private sector schemes) The Airways fund is managed in-house so no external managers will lose from the payout of anything up to £250m in cash. With BA heading for privatisation, this is very much of a special case.

Nevertheless, along with the nuch smaller James Neill ex-ample, it is a reminder that the phenomenal growth of occupa-tional pension funds, to which external fund managers have become so accustomed is not a wholly irreversible process.

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